

COURT FILE NUMBER 1703-21274

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF ROYAL BANK OF CANADA

DEFENDANTS 1679775 ALBERTA LTD., REID-BUILT HOMES LTD., REID WORLDWIDE CORPORATION, BUILDER'S DIRECT SUPPLY LTD., REID BUILT HOMES CALGARY LTD., REID INVESTMENTS LTD., REID CAPITAL CORP., and EMILIE REID



IN THE MATTER OF THE RECEIVERSHIP
OF 1679775 ALBERTA LTD., REID-BUILT
HOMES LTD., REID WORLDWIDE
CORPORATION, BUILDER'S DIRECT
SUPPLY LTD., REID BUILT HOMES
CALGARY LTD., REID INVESTMENTS LTD.,
1852512 ALBERTA LTD., and REID
CAPITAL CORP.

APPLICANT ALVAREZ & MARSAL CANADA INC., in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of 1679775 ALBERTA LTD., REID-BUILT HOMES LTD., REID WORLDWIDE CORPORATION, BUILDER'S DIRECT SUPPLY LTD., REID BUILT HOMES CALGARY LTD., REID INVESTMENTS LTD., 1852512 ALBERTA LTD., and REID CAPITAL CORP.

DOCUMENT **APPLICATION**
(Release of Seasonal and Lien Holdbacks)

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Norton Rose Fulbright Canada LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2

Phone: +1 403.267.8222
Fax: +1 403.264.5973
Email: howard.gorman@nortonrosefulbright.com /
samantha.jenkins@nortonrosefulbright.com

Attention: Howard A. Gorman, Q.C. / Samantha Jenkins

NOTICE TO THE RESPONDENTS

This application is made against you. You are a respondent.
You have the right to state your side of this matter before the Justice.

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

| | |
|--------------|--|
| Date: | December 12, 2018 |
| Time: | 2:30pm |
| Where: | Edmonton Law Courts |
| Before Whom: | The Honourable Mr. Justice R.A. Graesser |

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 Alvarez & Marsal Canada Inc. in its capacity as Court-appointed Receiver (the **Receiver**) of the current and future assets, undertakings and properties of Reid-Built Homes Ltd., 1679775 Alberta Ltd., Reid Worldwide Corporation, Builder's Direct Supply Ltd., Reid Built Homes Calgary Ltd., Reid Investments Ltd., 1852512 Alberta Ltd., and Reid Capital Corp. (collectively referred to herein as the **Reid Group**) seeks an order, substantially the form attached as **Schedules "A" and "B"**:
 - (a) abridging the time for service or deeming service good and sufficient, if necessary;
 - (b) granting declaratory relief with respect to the release and distribution of seasonal holdbacks held in trust by the Reid Group's former counsel, Parker Dubrule Lawyers (**Parker Dubrule**), as set out in the proposed form of Order attached as Schedule "A";
 - (c) ordering the discharge of certain builders' liens (described herein) and granting declaratory relief with respect to the release and distribution of lien holdbacks as set out in the proposed form of Order attached as Schedule "B"; and
 - (d) such further and other relief as this Honourable Court may permit.

Grounds for making this application:

- 2 On November 2, 2017, Alvarez & Marsal Canada Inc. was appointed as Receiver over the current and future assets, undertakings and properties of Reid pursuant to a Consent Receivership Order granted by the Honourable Justice Hillier (**Receivership Order**).
- 3 Prior to receivership, then counsel for the Reid Group, Parker Dubrule Lawyers, maintained seasonal holdbacks and lien holdbacks from the purchase price of properties sold by the Reid Group to third party purchasers.

Seasonal Holdbacks

- 4 A seasonal holdback was maintained by Parker Dubrule where work remained outstanding at the time of possession. The quantum of the holdback was determined based on a checklist that allocated a set amount for each outstanding item.
- 5 As of April, 2018, Parker Dubrule held \$363,110 in trust as seasonal holdbacks for 86 different properties.
- 6 The Receiver cross-referenced these holdbacks and the associated checklist with the Reid-Group's ledger to assess whether work subject to a seasonal holdback had been completed.

- 7 The Receiver wrote all purchasers for whom a seasonal holdback was maintained with its assessment of each purchaser's entitlement to any seasonal holdback amounts.
- 8 Where it was assessed that work for which a holdback was maintained remained outstanding, the purchaser was sent a letter advising of the Receiver's assessment. The purchaser was asked to sign and return the letter if they agreed with the assessment or, alternatively, advise the Receiver if they disagreed with the assessment. To date, \$299,110 in seasonal holdbacks has been distributed amongst purchasers and the Reid Group estate following agreement between the purchaser and the Receiver.
- 9 Despite several follow ups, two purchasers have not responded to the Receiver's letter informing the purchaser of the Receiver's assessment of their entitlement to seasonal holdback amounts. The total holdback amount for these two purchasers is \$8,150.
- 10 Three purchasers have disputed the Receiver's assessment of their entitlement to seasonal holdback amounts. Counsel for the Receiver responded to these disputes and, despite several follow up correspondence, has not heard back.
- 11 Further, the Receiver wrote all seasonal holdback claimants who, according to the Receiver's assessment, were not entitled to any holdback amounts as all work for which the holdback was maintained was completed prior to the Receivership, requesting they confirm no holdback was appropriate. \$48,550 remains held in trust by Parker Dubrule in connection with these purchasers' seasonal holdbacks who have not responded to or disputed the Receiver's nil assessments. To be clear, the Receiver's communications with the seasonal holdback claimants required that the claimants only communicate any disagreement with the Receiver's assessment, as opposed to requiring express agreement with the Receiver's assessment.

Lien Holdbacks

- 12 Parker Dubrule maintained lien holdbacks with respect to several properties purchased from the Reid Group prior to its Receivership. The Receiver's counsel considered the validity of liens registered against these properties. Where it was assessed that a lien was valid, the Receiver's counsel has negotiated, or is in the process of negotiating, the discharge and pay out of the lien. Where it was assessed that a lien was invalid, the Receiver's counsel wrote the lien claimant or its counsel requesting the discharge of the lien.
- 13 Gem Cabinets Ltd. registered three builders' liens against such properties:
 - (a) Instrument No. 172 253 551 registered against the lands legally described as:

PLAN 1525742
BLOCK 6
LOT 9
EXCEPTING THEREOUT ALL MINES AND MINERALS
 - (b) Instrument No. 172 253 571 registered against the lands legally described as:

PLAN 1224845
BLOCK 3
LOT 20
EXCEPTING THEREOUT ALL MINES AND MINERALS
 - (c) Instrument No. 172 253 552 registered against the lands legally described as:

PLAN 1525099
BLOCK 24
LOT 77
EXCEPTING THEREOUT ALL MINES AND MINERALS

14 Each of these liens was registered after title transferred to the purchaser(s). To the Receiver's knowledge, the purchaser(s) of these properties are unrelated *bona fide* third party purchasers for value without notice. As such, these liens are invalid.

15 Glenora Lumber & Building Supplies Ltd. registered a builders' lien bearing Instrument No. 172 253 551 against the lands legally described as:

PLAN 1525742
BLOCK 6
LOT 9
EXCEPTING THEREOUT ALL MINES AND MINERALS

16 This lien was registered after title transferred to the purchaser. To the Receiver's knowledge, the purchaser of this property is an unrelated *bona fide* third party purchaser for value without notice. As such, this lien is invalid

Material or Evidence to be relied on:

17 The Receivership Order.

18 The Receiver's Reports previously filed in this proceeding and the Receiver's Thirteenth Report filed with respect to this Application.

19 Such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

20 Rules 1.4(1), 3.72, 6.3(1), 6.9(1), and 6.28 - 6.36 of the Alberta *Rules of Court*;

21 Such further and other Rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

22 Such Acts and regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

23 There are no irregularities complained of or objections relied on.

How the application is proposed to be heard or considered:

24 Oral submissions 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 applicant(s) a reasonable time before the application is heard or considered

SCHEDULE A

COURT FILE NUMBER 1703-21274
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF ROYAL BANK OF CANADA

Clerk's Stamp

DEFENDANTS REID-BUILT HOMES LTD., 1679775
ALBERTA LTD., REID WORLDWIDE
CORPORATION, BUILDER'S DIRECT
SUPPLY LTD., REID BUILT HOMES
CALGARY LTD, REID INVESTMENTS LTD.,
REID CAPITAL CORP., and EMILIE REID

IN THE MATTER OF THE RECEIVERSHIP
OF REID-BUILT HOMES LTD., 1679775
ALBERTA LTD., REID WORLDWIDE
CORPORATION, BUILDER'S DIRECT
SUPPLY LTD., REID BUILT HOMES
CALGARY LTD, REID INVESTMENTS LTD.,
1852512 ALBERTA LTD., and REID
CAPITAL CORP.

APPLICANT ALVAREZ & MARSAL CANADA INC. in its
capacity as Court-appointed Receiver of the
current and future assets, undertakings and
properties of REID-BUILT HOMES LTD.,
1679775 ALBERTA LTD., REID
WORLDWIDE CORPORATION, BUILDER'S
DIRECT SUPPLY LTD., REID BUILT HOMES
CALGARY LTD, REID INVESTMENTS LTD.,
1852512 ALBERTA LTD., and REID
CAPITAL CORP.

DOCUMENT

ORDER (Seasonal Holdbacks)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

Norton Rose Fulbright Canada LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2

Phone: +1 403.267.8222
Fax: +1 403.264.5973
Email: howard.gorman@nortonrosefulbright.com /
samantha.jenkins@nortonrosefulbright.com

Attention: Howard A. Gorman, Q.C. / Samantha Jenkins
File No.: 1001004429

DATE ON WHICH ORDER WAS PRONOUNCED: December 12, 2018
LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta
NAME OF JUSTICE WHO MADE THIS ORDER: Honourable Mr. Justice Graesser

UPON THE APPLICATION of Alvarez & Marsal Canada Inc. in its capacity as Court-appointed receiver and manager (**Receiver**) of the current and future assets, undertakings and properties of 1679775 ALBERTA LTD., REID WORLDWIDE CORPORATION, BUILDER'S DIRECT SUPPLY LTD., REID BUILT HOMES CALGARY LTD, REID INVESTMENTS LTD., 1852512 ALBERTA LTD., and REID CAPITAL CORP. (collectively, the **Reid Group**); **AND UPON HAVING READ** the Consent Receivership Order dated November 2, 2017 (the **Receivership Order**) and the Thirteenth Report of the Receiver dated December 4, 2018, (**Thirteenth Report**); **AND UPON HEARING** counsel for the Receiver and any other interested parties that may be present; **AND UPON IT APPEARING** that all interested and affected parties have been served with notice of this Application; **AND UPON** having read the pleadings, proceedings, orders and other materials filed in this action;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

DISTRIBUTION OF SEASONAL HOLDBACK AMOUNTS

2. Parker Dubrule is authorized and directed to distribute the seasonal holdback amounts as follows:

| Purchaser | Amount held in trust | Amount releasable to purchaser | Amount releasable to Reid Group estate |
|-----------------------------------|-----------------------------|---------------------------------------|---|
| Tyler Demers | \$4,300 | \$800 | \$3,500 |
| Calvin and Mallory Engen | \$3,850 | \$250 | \$3,600 |
| Darren and Debbie Srubowich | \$1,050 | \$0 | \$1,050 |
| Duraisamy and Vishnupriya Pradeep | \$250 | \$0 | \$250 |
| Jason Warren | \$1,300 | \$0 | \$1,300 |
| Robyn Durling | \$3,750 | \$0 | \$3,750 |
| Leslie and Patricia Rogers | \$3,750 | \$0 | \$3,750 |
| Sita Devi | \$3,850 | \$0 | \$3,850 |
| Mahmoud Rizk | \$4,550 | \$0 | \$4,550 |

| | | | |
|---|---------|-------|---------|
| Rohan and Meenakshi Vanhishtha and Sudhir Kumar Vashisht | \$3,600 | \$0 | \$3,600 |
| Judith and Ronald Dickie | \$1,350 | \$0 | \$1,350 |
| Hussain Rizvi | \$1,350 | \$0 | \$1,350 |
| David and Donna Fritsen | \$1,350 | \$0 | \$1,350 |
| Jonathan and Janet Giles | \$5,350 | \$0 | \$5,350 |
| Mykola and Nataliya Boyko | \$1,050 | \$0 | \$1,050 |
| Daneil Catena and Stephanie Longhe | \$5,850 | \$0 | \$5,850 |
| Tara Bavaro | \$3,650 | \$0 | \$3,650 |
| Elton and Charles Ngunzu | \$250 | \$0 | \$250 |
| Marc and Toktam Wener, | \$4,800 | \$0 | \$4,800 |
| Quyen Vuong and Nghi Banh | \$1,200 | \$0 | \$1,200 |
| Lara Reynald Sallutan and Christine Espejo and Arbe Aguro | \$250 | \$0 | \$250 |
| Kallaramanal Jaison and Shany Joseph | \$5,600 | \$250 | \$5,350 |
| Mitchell and Jolanta Breen | \$250 | \$250 | \$0 |
| Volodymyr Frunchak | \$1,450 | \$400 | \$1,050 |

3. The Receiver is authorized to distribute the amount releasable to the Reid Group estate in accordance with the administration of the Receivership estate.
4. No party is entitled to any costs related to this Application.

The Honourable Mr. Justice Graesser
J.C.Q.B.A.

SCHEDULE B

COURT FILE NUMBER 1703-21274

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF ROYAL BANK OF CANADA

Clerk's Stamp

DEFENDANTS REID-BUILT HOMES LTD., 1679775
ALBERTA LTD., REID WORLDWIDE
CORPORATION, BUILDER'S DIRECT
SUPPLY LTD., REID BUILT HOMES
CALGARY LTD, REID INVESTMENTS LTD.,
REID CAPITAL CORP., and EMILIE REID

IN THE MATTER OF THE RECEIVERSHIP
OF REID-BUILT HOMES LTD., 1679775
ALBERTA LTD., REID WORLDWIDE
CORPORATION, BUILDER'S DIRECT
SUPPLY LTD., REID BUILT HOMES
CALGARY LTD, REID INVESTMENTS LTD.,
1852512 ALBERTA LTD., and REID
CAPITAL CORP.

APPLICANT ALVAREZ & MARSAL CANADA INC. in its
capacity as Court-appointed Receiver of the
current and future assets, undertakings and
properties of REID-BUILT HOMES LTD.,
1679775 ALBERTA LTD., REID
WORLDWIDE CORPORATION, BUILDER'S
DIRECT SUPPLY LTD., REID BUILT HOMES
CALGARY LTD, REID INVESTMENTS LTD.,
1852512 ALBERTA LTD., and REID
CAPITAL CORP.

DOCUMENT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

ORDER (Lien Holdbacks)

Norton Rose Fulbright Canada LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2

Phone: +1 403.267.8222
Fax: +1 403.264.5973
Email: howard.gorman@nortonrosefulbright.com /
samantha.jenkins@nortonrosefulbright.com

Attention: Howard A. Gorman, Q.C. / Samantha Jenkins
File No.: 1001004429

DATE ON WHICH ORDER WAS PRONOUNCED: December 12, 2018
LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta
NAME OF JUSTICE WHO MADE THIS ORDER: Honourable Mr. Justice Graesser

UPON THE APPLICATION of Alvarez & Marsal Canada Inc. in its capacity as Court-appointed receiver and manager (**Receiver**) of the current and future assets, undertakings and properties of 1679775 ALBERTA LTD., REID WORLDWIDE CORPORATION, BUILDER'S DIRECT SUPPLY LTD., REID BUILT HOMES CALGARY LTD, REID INVESTMENTS LTD., 1852512 ALBERTA LTD., and REID CAPITAL CORP. (collectively, the **Reid Group**); **AND UPON HAVING READ** the Consent Receivership Order dated November 2, 2017 (the **Receivership Order**) and the Thirteenth Report of the Receiver dated December 4, 2018, (**Thirteenth Report**); **AND UPON HEARING** counsel for the Receiver and any other interested parties that may be present; **AND UPON IT APPEARING** that all interested and affected parties have been served with notice of this Application; **AND UPON** having read the pleadings, proceedings, orders and other materials filed in this action;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

4. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

DISCHARGE OF LIENS

5. Upon production of a certified copy of this Order the Registrar of the Land Titles Office is hereby directed to forthwith vacate and discharge the following builders' liens and any certificate of *Lis Pendens* related thereto:

| Lien Claimant | Instrument No. | Legal Description of the Land |
|---|-----------------------|---|
| Gem Cabinets Ltd. | 172 253 551 | PLAN 1525742 BLOCK 6 LOT 9 EXCEPTING THEREOUT ALL MINES AND MINERALS |
| Gem Cabinets Ltd. | 172 253 571 | PLAN 1224845 BLOCK 3 LOT 20 EXCEPTING THEREOUT ALL MINES AND MINERALS |
| Gem Cabinets Ltd. | 172 253 552 | PLAN 1525099 BLOCK 24 LOT 77 EXCEPTING THEREOUT ALL MINES AND MINERALS |
| Glenora Lumber & Building Supplies Ltd. | 172 253 551 | PLAN 1525742 BLOCK 6 LOT 9 EXCEPTING THEREOUT ALL MINES AND MINERALS |

(the Liens).

6. Parker Dubrule is authorized and directed to release to the Receiver any lien holdback maintained in connection with the Liens.
7. The Receiver is authorized to distribute the amount releasable to the Reid Group estate in accordance with the administration of the Receivership estate.
4. No party is entitled to any costs related to this Application.

The Honourable Mr. Justice Graesser
J.C.Q.B.A