

1703-19347

Clerk's Stamp:



COURT FILE NUMBER

COURT OF QUEEN'S BENCH OF  
ALBERTA

JUDICIAL CENTRE

EDMONTON

PLAINTIFF

ROYAL BANK OF CANADA

DEFENDANTS

INDEPENDENT ELECTRIC AND CONTROLS LTD.,  
IEC BUSINESS HOLDINGS INC., SUMMIT  
CONTROLS (2012) CORP., BLACK KNIGHTS  
ELECTRIC INC., BRADLEY TURNBULL, BRENT  
CAMERON ERICKSON and TODD GUY

DOCUMENT

STATEMENT OF CLAIM

ADDRESS FOR SERVICE AND CONTACT  
INFORMATION OF PARTY FILING THIS  
DOCUMENT

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File No.: 125665-8726/RCR

#### NOTICE TO DEFENDANTS

You are being sued. You are a defendant.

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

**Note: State below only facts and not evidence (Rule 13.6)**

**Statement of facts relied on:**

#### THE PARTIES

1. The Plaintiff, Royal Bank of Canada ("RBC"), is a bank chartered pursuant to the laws of Canada with offices in Edmonton and elsewhere throughout Alberta.
2. The Defendant, Independent Electric And Controls Ltd. ("**Electric**"), is a corporation incorporated pursuant to the laws of the Province of Alberta, with its registered office located in Edmonton, Alberta.
3. The Defendant, IEC Business Holdings Inc. ("**IEC**"), is a Corporation incorporated pursuant to the laws of the Province of Alberta, with its registered office located in Edmonton, Alberta.

4. The Defendant, Summit Controls (2012) Corp. ("**Summit**"), is a corporation incorporated pursuant to the laws of the Province of Alberta, with its registered office located in Edmonton, Alberta.
5. The Defendant, Black Knights Electric Inc. ("**Black Knights**"), is a corporation incorporated pursuant to the laws of the Province of Alberta, with its registered office located in Edmonton, Alberta.
6. The Defendant, Bradley Turnbull ("**Turnbull**"), is an individual residing in Drayton Valley Alberta, so far as the Plaintiff is aware.
7. The Defendant, Brent Cameron Erickson ("**Erickson**"), is an individual residing in Drayton Valley Alberta, so far as the Plaintiff is aware.
8. The Defendant, Todd Guy ("**Guy**"), is an individual residing in Drayton Valley Alberta, so far as the Plaintiff is aware.

### THE LOANS

9. Electric borrowed money from RBC which it agreed to repay to RBC with interest. As a result of such borrowing, Electric is directly indebted to RBC as follows:
  - (a) Operating Loan: \$6,321,161.21, plus interest thereon from and after September 28, 2017 at RBC's prime interest rate per annum in effect from time to time ("**Prime**") plus 4.5 %;
  - (b) RBC Visa Account: \$110,476.35 plus interest thereon from and after September 28, 2017 at the rate of 19.99 % per annum, plus all sums processed through the Visa Account from and after September 28, 2017 (plus applicable interest);
  - (c) any further credit or other loan amounts extended or advanced by RBC to Electric from and after September 28, 2017 in RBC's absolute discretion; and
  - (d) Legal and consulting costs on a solicitor and own client full indemnity basis, which as at September 28, 2017 amounts to \$72,760.32, plus all legal and consulting costs on a solicitor and own client basis incurred by RBC from and after September 27, 2017.

(all sums payable to RBC referenced in paragraphs (a), (b), (c) and (d) above are collectively referred to in this Statement of Claim as the "**Electric Indebtedness**").
10. The indebtedness referred to at paragraph 9(a), (c) and (d) above is payable upon demand and the indebtedness referred to at paragraph 9(b) above is fully due and payable.

### THE GUARANTEES

#### IEC Guarantees

11. On or about December 2, 2013, IEC granted to RBC a Guarantee and Postponement of Claim (the "**First IEC Guarantee**"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$14,000,000.00 on demand, plus interest from demand at Prime plus 5%, plus costs on a solicitor and own client full indemnity basis.

12. On or about June 19, 2015, IEC granted to RBC a Guarantee and Postponement of Claim (the "**Second IEC Guarantee**"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$12,500,000.00 on demand, plus interest from demand at Prime plus 5%, plus costs on a solicitor and own client full indemnity basis.
13. The indebtedness owing to RBC pursuant to the First IEC Guarantee and the Second IEC Guarantee is collectively referred to in this Statement of Claim as the "**IEC Guaranteed Indebtedness**".

**Summit Guarantee**

14. On or about June 19, 2015, Summit granted to RBC a Guarantee and Postponement of Claim (the "**Summit Guarantee**"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$12,500,000.00 on demand, plus interest from demand at Prime plus 5%, plus costs on a solicitor and own client full indemnity basis (the "**Summit Guaranteed Indebtedness**").

**Black Knights Guarantee**

15. On or about June 19, 2015, Black Knights granted to RBC a Guarantee and Postponement of Claim (the "**Black Knights Guarantee**"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$12,500,000.00 on demand, plus interest from demand at Prime plus 5%, plus costs on a solicitor and own client full indemnity basis (the "**Black Knights Guaranteed Indebtedness**").

**Turnbull Guarantee**

16. On or about May 5, 2009, Turnbull granted to RBC a Guarantee and Postponement of Claim (the "**Turnbull Guarantee**"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$500,000.00 on demand, plus interest from demand at Prime plus 1 %, plus costs on a solicitor and own client basis (the "**Turnbull Guaranteed Indebtedness**").

**Erickson Guarantee**

17. On or about May 5, 2009, Erickson granted to RBC a Guarantee and Postponement of Claim (the "**Erickson Guarantee**"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$500,000.00 on demand, plus interest from demand at Prime plus 1 %, plus costs on a solicitor and own client basis (the "**Erickson Guaranteed Indebtedness**").

**Guy Guarantee**

18. On or about May 5, 2009, Guy granted to RBC a Guarantee and Postponement of Claim (the "**Guy Guarantee**"), guaranteeing to RBC the indebtedness of Electric (to RBC) for up to the sum of \$500,000.00 on demand, plus interest from demand at Prime plus 1 %, plus costs on a solicitor and own client basis (the "**Guy Guaranteed Indebtedness**").

## THE SECURITY

### Electric Security

19. On or about July 14, 2003, Electric granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of Electric's customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "**First Electric GSA**"). The First Electric GSA secures all of the Electric Indebtedness.
20. On or about May 5, 2009, Electric granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of Electric's customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "**Second Electric GSA**"). The Second Electric GSA secures all of the Electric Indebtedness.
21. On or about May 5, 2009, Electric granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of Electric's customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "**Third Electric GSA**"). The Third Electric GSA secures all of the Electric Indebtedness.
22. The security interests granted to RBC by the First Electric GSA, the Second Electric GSA and the Third Electric GSA were perfected by registrations at the Personal Property Registry for the Province of Alberta on May 13, 2009.

### IEC Security

23. On or about December 2, 2013, IEC granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of IEC's customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "**First IEC GSA**"). The First IEC GSA secures all of the IEC Guaranteed Indebtedness.
24. On or about June 19, 2015, IEC granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of IEC's customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "**Second IEC GSA**"). The Second IEC GSA secures all of the IEC Guaranteed Indebtedness.
25. On or about May 19, 2016, IEC granted to RBC Postponement and Assignment of Claim assigning and postponing to RBC all indebtedness, present and future of Electric to IEC as

security for all and every indebtedness, present and future of Electric and IEC, or either of them, to RBC (the "**IEC Postponement and Assignment**").

26. The First IEC Guarantee and the Second IEC Guarantee also contain an assignment and postponement in favour of RBC in respect of the indebtedness of Electric to IEC.
27. The security interests granted to RBC by the First IEC GSA, the Second IEC GSA the IEC Postponement and Assignment and the assignment and postponements contained in the First IEC Guarantee and the Second IEC Guarantee were perfected by registration at the Personal Property Registry for the Province of Alberta on May 13, 2015.

#### **Summit Security**

28. On or about June 19, 2015, Summit granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of Summit's customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "**Summit GSA**"). The Summit GSA secures all of the Summit Guaranteed Indebtedness.
29. The Summit Guarantee also contains an assignment and postponement in favour of RBC in respect of the indebtedness of Electric to Summit.
30. The security interests granted to RBC by the Summit GSA and the assignment and postponement contained in the Summit Guarantee were perfected by registrations at the Personal Property Registry for the Province of Alberta on May 13, 2015.

#### **Black Knights Security**

31. On or about June 19, 2015, Black Knights granted to RBC a general security agreement securing to RBC all of its present and after acquired personal property, including, without limitation, all goods, inventory, equipment, instruments, accounts receivable, book debts and debts of every kind, all lists, records and files of Black Knights customers, deeds, documents of title and chattel paper, intangibles, money, securities, investment property, intellectual property and the proceeds thereof (the "**Black Knights GSA**"). The Black Knights GSA secures all of the Black Knights Guaranteed Indebtedness.
32. The Black Knights Guarantee also contains an assignment and postponement in favour of RBC in respect of the indebtedness of Electric to Black Knights.
33. The security interest granted to RBC by the Black Knights GSA and the assignment and postponement contained in the Black Knights Guarantee were perfected by registration at the Personal Property Registry for the Province of Alberta on May 13, 2015.

#### **Turnbull Security**

34. On or about May 19, 2016, Turnbull granted to RBC a Postponement and Assignment of Claim assigning and postponing to RBC all indebtedness, present and future of Electric to Turnbull as security for all and every indebtedness, present and future of Electric and Turnbull, or either of them, to RBC (the "**Turnbull Postponement and Assignment**").

35. RBC has perfected its security interest created by the Turnbull Postponement and Assignment by registration at the Personal Property Registry for the Province of Alberta on September 28, 2017.

#### Erickson Security

36. On or about May 19, 2016, Erickson granted to RBC a Postponement and Assignment of Claim assigning and postponing to RBC all indebtedness, present and future of Electric to Erickson as security for all and every indebtedness, present and future of Electric and Erickson, or either of them, to RBC (the "**Erickson Postponement and Assignment**").
37. RBC has perfected its security interest created by the Erickson Postponement and Assignment by registration at the Personal Property Registry for the Province of Alberta on September 28, 2017.

#### Guy Security

38. On or about May 19, 2016, Guy granted to RBC a Postponement and Assignment of Claim assigning and postponing to RBC all indebtedness, present and future of Electric to Guy as security for all and every indebtedness, present and future of Electric and Guy, or either of them, to RBC (the "**Guy Postponement and Assignment**").
39. RBC has perfected its security interest created by the Guy Postponement and Assignment by registration at the Personal Property Registry for the Province of Alberta on September 28, 2017.

#### THE DEMANDS

##### Electric Demands

40. On or about September 12, 2017, RBC did demand payment of the Electric Indebtedness, but Electric has failed or neglected and continues to fail or neglect to pay the Electric Indebtedness to RBC.
41. The Electric Indebtedness is fully due, owing and payable to RBC.
42. Default has been made in payment of the principal sum and interest secured by the terms of the First Electric GSA, the Second Electric GSA and the Third Electric GSA.

##### Guarantor Demands

43. On or about September 12, 2017 RBC did demand payment of the IEC Guaranteed Indebtedness, the Summit Guaranteed Indebtedness, the Black Knights Guaranteed Indebtedness, the Turnbull Guaranteed Indebtedness, the Erickson Guaranteed Indebtedness and the Guy Guaranteed Indebtedness but IEC, Summit, Black Knights, Turnbull, Erickson and Guy have each failed or neglected and continue to fail or neglect to pay their respective guaranteed indebtedness to RBC.
44. The IEC Guaranteed Indebtedness, the Summit Guaranteed Indebtedness, the Black Knights Guaranteed Indebtedness, the Turnbull Guaranteed Indebtedness, the Erickson Guaranteed Indebtedness and the Guy Guaranteed Indebtedness are fully due, owing and payable to RBC.

45. Default has been made in payment of the principal sums and interest owing pursuant to the terms of the First IEC Guarantee and the Second IEC Guarantee, the Summit Guarantee, the Black Knights Guarantee, the Turnbull Guarantee, the Erickson Guaranteed, and the Guy Guarantee.
46. Default has been made in payment of the principal sum and interest secured by the terms of the First IEC GSA, the Second IEC GSA, the IEC Postponement and Assignment, the Summit GSA and the Black Knights GSA, the Turnbull Postponement and Assignment, the Erickson Postponement and Assignment and the Guy Postponement and Assignment.
47. Concurrent with the issuance of demands for payment, RBC did serve on Electric, IEC, Summit, and Black Knights respectively a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*.
48. RBC states that this action should be categorized as a Standard Case. RBC states that a Dispute Resolution Process would not be beneficial and would not likely result in an agreement between the parties or alternatively there is a compelling reason why a Dispute Resolution Process should not be attempted by the parties or in the alternative, the Court will be satisfied that engaging in a Dispute Resolution Process would be futile.

**Remedy sought:**

- (a) An Order waiving the responsibilities of the parties to participate in a Dispute Resolution Process;
- (b) Judgment against Electric in the amount of \$6,504,397.88, plus any additional credit extended to Electric after September 28, 2017 plus any additional sums processed through the RBC Visa Account after September 28, 2017, plus interest thereon from and after September 28, 2017 on the sum of \$6,393,921.53 at the rate of 4.5% per annum above Prime and on the sum of \$110,476.32 at the rate of 19.99% per annum;
- (c) Judgment against IEC in the amount of \$6,504,397.88, plus any additional credit extended to Electric after September 28, 2017, plus any additional sums processed through the RBC Visa Account after September 28, 2017, plus interest thereon from and after September 28, 2017 at the rate of Prime plus 5%;
- (d) Judgment against Summit in the amount of \$6,504,397.88, plus any additional credit extended to Electric after September 28, 2017, plus any additional sums processed through the RBC Visa Account after September 28, 2017 plus interest thereon from and after September 28, 2017 at the rate of Prime plus 5%;
- (e) Judgment against Black Knights in the amount of \$6,504,397.88, plus any additional credit extended to Electric after September 28, 2017, plus any additional sums processed through the RBC Visa Account after September 28, 2017 plus interest thereon from and after September 28, 2017 at the rate of Prime plus 5%;
- (f) Judgment against Turnbull in the amount of \$500,000.00, plus interest thereon from and after September 8, 2017 at the rate of Prime plus 1%;
- (g) Judgment against Erickson in the amount of \$500,000.00, plus interest thereon from and after September 8, 2017 at the rate of Prime plus 1%;

- (h) Judgment against Guy in the amount of \$500,000.00, plus interest thereon from and after September 8, 2017 at the rate of Prime plus 1%;
- (i) Alternatively, interest on all sums due and owing pursuant to the *Judgment Interest Act*, RSA 2000, c J-1;
- (j) The appointment of a receiver or receiver and manager of the undertaking, property and assets of Electric;
- (k) The appointment of an interim receiver of the undertaking, property and assets of Electric;
- (l) The appointment of a receiver or receiver and manager of the undertaking, property and assets of IEC;
- (m) The appointment of an interim receiver of the undertaking, property and assets of IEC;
- (n) The appointment of a receiver or receiver and manager of the undertaking, property and assets of Summit;
- (o) The appointment of an interim receiver of the undertaking, property and assets of Summit;
- (p) The appointment of a receiver or receiver and manager of the undertaking, property and assets of Black Knights;
- (q) The appointment of an interim receiver of the undertaking, property and assets of Black Knights;
- (r) In the alternative, such appointment or relief as may be necessary to ensure the preservation of Electric's secured property, IEC's secured property, Summit's secured property and Black Knights secured property;
- (s) A declaration that the security granted by Electric in favour of RBC may be enforced by the sale of the whole or any part of undertaking, property and assets of Electric;
- (t) A declaration that the security granted by IEC in favour of RBC may be enforced by the sale of the whole or any part of undertaking, property and assets of IEC;
- (u) A declaration that the security granted by Summit in favour of RBC may be enforced by the sale of the whole or any part of undertaking, property and assets of Summit;
- (v) A declaration that the security granted by Black Knights in favour of RBC may be enforced by the sale of the whole or any part of undertaking, property and assets of Black Knights;
- (w) An Order dispensing with any bond or other security that might otherwise be required to be posted by an interim receiver, receiver, or receiver and manager of the undertaking, property and assets of Electric, IEC, Summit and/or Black Knights (as applicable);



- (x) An Order that no action at law or otherwise (other than this action) shall be taken or continued against the interim receiver, the receiver or the receiver and manager of either of Electric's, IEC's, Summit's and/or Black Knight's undertaking, property and assets (as applicable) without leave of this Honourable Court first having been obtained;
- (y) A declaration that the security granted in favour of RBC may be enforced by the sale of the whole or any part of the property and any assets of Electric;
- (z) A declaration that the security granted in favour of RBC may be enforced by the sale of the whole or any part of the property and any assets of IEC;
- (aa) A declaration that the security granted in favour of RBC may be enforced by the sale of the whole or any part of the property and any assets of Summit;
- (bb) A declaration that the security granted in favour of RBC may be enforced by the sale of the whole or any part of the property and any assets of Black Knights;
- (cc) Such further accounts and inquiries as may be necessary;
- (dd) Costs as against each Defendant with respect to all legal and financial advisory, including without limitation monitoring costs, incurred from time to time on a solicitor and his own client full indemnity basis or on such further and other basis as this Honourable Court may direct; and
- (ee) Such further and other relief as this Honourable Court may deem just.

**NOTICE TO THE DEFENDANTS**

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at **Edmonton**, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's address for service.

**WARNING**

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.