Court File No. S1 GS 28446

SUPREME COURT OF PRINCE EDWARD ISLAND
(GENERAL SECTION)

BETWEEN:

ROYAL BANK OF CANADA

Applicant

and

DME LIMITED PARTNERSHIP, DME GENERAL PARTNER INC., ATLANTIC SYSTEMS MANUFACTURING (2016) LTD., DME CANADA ACQUISITIONS INC. and DME US HOLDCO INC., as represented

by Alvarez & Marsal Canada Inc., as Court Appointed Receiver

Respondents

MOTION RECORD (Distribution Order and Discharge Order)

Charity Hogan &
George Cooper, Q.C.
COX & PALMER
97 Queen Street, Suite 600
Charlottetown, PE C1A 4A9
(902) 628-1033
Solicitors for the Applicant

DME LIMITED PARTNERSHIP,
54 Hillstrom Avenue
Charlottetown, PE C1E 2C6
Respondent

ATLANTIC SYSTEMS MANUFACTURING (2016) LTD.,
54 Hillstrom Avenue
Charlottetown, PE C1A 7L1
Respondent

DME GENERAL PARTNER INC.,
333 Bay Street, Suite 640
Toronto, Ontario M5H 2R2
Respondent

DME CANADA ACQUISITIONS INC.
510 West Georgia Street, Suite 1800
Vancouver, British Columbia V6C 3L2
Respondent

DME US HOLDCO INC.
333 Bay Street, Suite 640
Toronto, Ontario M5H 2R2
Respondent

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Tab 1

Court File No. S1 GS 28446

SUPREME COURT OF PRINCE EDWARD ISLAND
(GENERAL SECTION)

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and

DME LIMITED PARTNERSHIP, DME GENERAL PARTNER INC., ATLANTIC SYSTEMS MANUFACTURING (2016) LTD., DME CANADA ACQUISITIONS INC. and DME US HOLDCO INC., as represented by Alvarez & Marsal Canada Inc., as Court Appointed Receiver

RESPONDENTS

NOTICE OF MOTION

Alvarez & Marsal Canada Inc. in its capacity as Court appointed receiver, (the "**Moving Party**" or "**Receiver**") will make a Motion to a Judge on May 30, 2019, at 10:00 A.M., at the Sir Louis Henry Davies Law Courts Building, 42 Water Street, Charlottetown, Prince Edward Island.

THE MOTION IS FOR:

1. An Order abridging the time requirements for service and filing with respect to the motion herein.

2. An Order approving the Receiver's Third Report dated May 22, 2019 (the "**Third Report**"), and the activities described therein;

3. An Order to lift the Sealing Orders previously issued in the Approval Orders dated January 31, 2019 and February 22, 2019;

4. An Order to approve the interim distribution of funds to the Royal Bank of Canada;

5. An Order to approve the fees and disbursements of the Receiver and Cox & Palmer; and,

6. An Order to Discharge the Receiver upon its filing a certificate with the Court confirming that the administration of the receivership has been completed.

THE GROUNDS FOR THE MOTION ARE:

1. A Receivership Order was granted by the Supreme Court of Prince Edward Island on the 26th day of November, 2018, appointing Alvarez & Marsal Canada Inc. as the Receiver for certain assets, undertaking and properties (the "**Property**") of DME Limited Partnership, DME General Partner Inc., Atlantic Systems Manufacturing (2016) Ltd., DME Canada Acquisitions Inc. and DME US Holdco Inc.

2. The Receiver has provided an update of its activities in its Third Report.

3. The Sealing Orders previously ordered by this Court can be lifted as both sealed transactions have closed.

4. The Property subject to the Receivership Order has been sold and the Receiver is now in a position to allocate funds in the Post-Receivership Accounts, net the disbursements provided for in said Order for Receiver.

5. The Receiver has determined that the Royal Bank of Canada ("**RBC**") the senior secured creditor in this matter is entitled to the funds available for disbursement.

6. The completion of the Receiver's mandate remains subject to the completion of some residual matters but in order to save costs of a further appearance the Receiver proposes to file its Certificate of Discharge with consent of RBC upon completion of the outstanding matters.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Third Report of the Receiver;

2. Affidavit of Alan J. Hutchens;

3. Affidavit of Charity Hogan; and,

4. Such further and other materials as counsel may advise.

Dated: May 22, 2019.

Charity Hogan &
George Cooper, Q.C.
Cox & Palmer
600-97 Queen Street
Charlottetown, PEI
Lawyers for the Receiver
Alvarez & Marsal Canada Inc.

ROYAL BANK OF CANADA V. DME LIMITED PARTNERSHIP, DME GENERAL PARTNER INC., ATLANTIC SYSTEMS MANUFACTURING (2016) LTD., DME CANADA ACQUISITIONS INC. and DME US HOLDCO INC.	Court File No. S1 GS 28446
	SUPREME COURT OF PRINCE EDWARD ISLAND (GENERAL SECTION) Proceedings Commenced in Charlottetown **NOTICE OF MOTION** **Charity Hogan & George Cooper, Q.C.** **COX & PALMER** **97 Queen Street, Suite 600** **Charlottetown, PE C1A 4A9** **(902) 628-1033**

Tab 2

Court File No. S1 GS-28446

SUPERIOR COURT OF PRINCE EDWARD ISLAND
(GENERAL SECTION)

BETWEEN:

ROYAL BANK OF CANADA

APPLICANT

- and -

DME LIMITED PARTNERSHIP, DME GENERAL PARTNER INC., ATLANTIC SYSTEMS MANUFACTURING (2016) LTD., DME CANADA ACQUISITIONS INC. and DME US HOLDCO INC.

RESPONDENTS

THIRD REPORT OF THE RECEIVER
May 22, 2019

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INDEX TO APPENDICES

Please review Section 3 regarding Appendices C, D and E.

1.0 INTRODUCTION

1.1 Pursuant to an order of the Supreme Court of Prince Edward Island (General Section) (the "**Court**") made on November 26, 2018 (the "**Appointment Order**"), Alvarez & Marsal Canada Inc. ("**A&M**") was appointed receiver (the "**Receiver**") of the assets, undertakings and properties of each of DME Limited Partnership, DME General Partner Inc., Atlantic Systems Manufacturing (2016) Ltd., DME Canada Acquisitions Inc. and DME US Holdco Inc. (collectively, the "**DME Group**").

1.2 In connection with these receivership proceedings, the Receiver prepared and filed with this Court a first report dated January 18, 2019 and a supplemental report dated January 25, 2019 (together, the "**First Report**") and a second report dated February 14, 2019 (the "**Second Report**", collectively the "**Prior Reports**"). The Prior Reports, Appointment Order and other Court-filed documents and notices related to these receivership proceedings are available on the Receiver's website at: https://www.alvarezandmarsal.com/DMEGroup (the "**Case Website**").

1.3 On January 31, 2019, this Court issued an order (the "**Approval and Vesting Order**"), approving the Abbotsford Transaction and the ASM Transaction (each as defined in the First Report).

1.4 On February 22, 2019, this Court issued an Order (the "**Second Approval and Vesting Order**"), approving the DME Agreement (as defined in the Second Report).

1.5 The purpose of this report (the "**Third Report**") is to:

(a) provide this Court with the results of the Sale Process (defined and described in the Prior Reports);

(b) provide this Court with information regarding the bankruptcy proceedings that were commenced on April 26, 2019;

(c) describe the Receiver's activities since the date of the Second Report; and

(d) support the Receiver's motion for an order (the "**Distribution and Discharge Order**"), among other things:

   (i) approving this Third Report and the activities of the Receiver described herein;

   (ii) lifting the previous sealing orders to make the purchase and sale agreements publicly available, as described herein;

   (iii) approving the distributions to Royal Bank of Canada ("**RBC**") as described herein;

   (iv) approving the fees and disbursements of the Receiver and Cox & Palmer LLP ("**Cox & Palmer**") as set out in the Hutchens Affidavit and the Hogan Affidavit, respectively (each as defined herein); and

   (v) discharging the Receiver upon its filing a certificate with the Court confirming that the administration of the receivership has been completed.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Third Report, the Receiver has relied upon unaudited financial information, books and records and other documents provided by former management of the DME Group, and discussions with former management (collectively, the "**Information**").

2.2 The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner 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 the Information.

2.3 This Third Report has been prepared for the use of this Court and the DME Group's stakeholders as general information relating to the DME Group and to assist the Court in determining whether to approve the relief sought herein. Accordingly, readers are cautioned that this Third Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by a reader as a result of the circulation, publication, reproduction or use of this Third Report different than the provisions of this paragraph.

2.4 Capitalized terms not defined in this Third Report are as defined in the Prior Reports and the Appointment Order. Unless otherwise stated, all monetary amounts contained in this Third Report are expressed in Canadian dollars.

3.0 RESULTS OF THE SALE PROCESS

3.1 The Prior Reports provided: (i) an overview of the Sale Process; and (ii) a summary of the Receiver's activities undertaken in connection with the Sale Process and the results thereof.

3.2 As described in the Prior Reports, the Receiver concluded three sales transactions:

(a) the Abbotsford Transaction was in the form of an Auction and Liquidation Services Agreement. The liquidation concluded on March 1, 2019 and generated net proceeds of approximately $1.9 million after fees and disbursements paid to the liquidators pursuant to the Auction and Liquidation Services Agreement;

(b) the ASM Transaction was in the form of an asset purchase agreement that closed on February 1, 2019 and generated net proceeds of approximately $350,000; and

(c) the DME Agreement was in the form of an asset purchase agreement that closed on March 5, 2019 and generated net proceeds of approximately $5.25 million.

3.3 The purchase and sale agreements for the above three transactions were previously sealed by Orders of this Court to protect certain commercially sensitive information. With the Sale Process now concluded, the Receiver recommends that this Court lift the sealing orders to make the respective purchase agreements publicly available. If such an order is granted by this Court, the Receiver will release a version of this Third Report with the following appendices to the Court file and will post same on the Receiver's Case Website:

Appendix C Auction and Liquidation Services Agreement (Abbotsford Transaction);

Appendix D Asset Purchase Agreement (ASM Transaction); and

Appendix E Asset Purchase Agreement (DME Charlottetown).

4.0 RECEIPTS AND DISBURSEMENTS

4.1 A summary of the Receiver's receipts and disbursements from November 26, 2018 to May 10, 2019 is provided below (all amounts are inclusive of HST where applicable):

Receipts & Disbursements	**$000's**
Receipts	**$10,590**
Disbursements	
Post-filing payroll	(858)
Rent, utilities & insurance	(588)
Raw materials, supplies, other	(251)
Total Disbursements	(1,697)
Net subtotal	**$8,893**
Pre-receivership payroll & vacation pay	(1,070)
Professional fees	(1,395)
Net cash flow	**$6,428**
Beginning cash balance	-
Net cash flow	6,428
Receiver's Certificates	930
Closing cash balance	**$7,358**

4.2 Receipts of $10.6 million are comprised of approximately: (i) $7.5 million of net proceeds from the Sale Process, as described in Section 3 above; and (b) $3.1 million of proceeds primarily from the sale of finished goods during the receivership proceedings and the collection of pre-receivership accounts receivable.

4.3 The closing cash balance in the Receiver's trust accounts as at May 10, 2019 was approximately $7.4 million, inclusive of $930,000 advanced by RBC under Receiver's Certificates (primarily to facilitate payment of accrued wages and vacation pay outstanding as at the receivership date).

5.0 BANKRUPTCY

5.1 The Appointment Order authorizes the Receiver to assign the Debtors into bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**").

5.2 On April 26, 2019, DME Limited Partnership and Atlantic Systems Manufacturing (2016) Ltd. (collectively, the "**Bankrupt Debtors**") were assigned into bankruptcy by the Receiver. Pursuant to Certificates of Appointment as issued by the Official Receiver, BDO Canada Limited ("**BDO**") was appointed as Trustee of the estates of the Bankrupt Debtors (the "**Bankruptcy**").

5.3 The appointment of BDO as Trustee of the Bankrupt Debtors was affirmed at the First Meeting of Creditors held on May 16, 2019.

5.4 Additional information regarding the Bankruptcy is accessible on the Receiver's Case Website.

6.0 DISTRIBUTION

6.1 The RBC Application Record provides a comprehensive overview of the DME Group's loan arrangements with RBC and related guarantees and security.

6.2 As at the date of the Appointment Order, the DME Group's indebtedness under a credit agreement dated November 17, 2015, as amended or otherwise modified, with RBC totaled approximately $17.1 million, plus interest and fees which continue to accrue. Further, the Receiver borrowed $930,000 from RBC under Receiver's Certificates.

6.3 The Receiver has obtained an opinion from independent legal counsel that the security interests held by RBC are valid and enforceable, subject to customary assumptions and qualifications.

6.4 Based on the foregoing, the Receiver recommends that this Court issue an order authorizing and directing the Receiver to make future distributions to RBC, up to the amount of the DME Group's indebtedness owing to RBC.

7.0 FEES AND DISBURSEMENTS

7.1 Pursuant to paragraphs 26 and 27 of the Appointment Order, the Receiver and its legal counsel are entitled to be paid their reasonable fees at their normal rates and charges, and are required to pass their accounts from time to time.

7.2 The Receiver is seeking this Court's approval of its fees and those of Cox & Palmer in connection with the performance of their duties in these receivership proceedings, as follows:

(a) the Receiver in the amount of $1,006,396.50 (including $87,854.50 as financial advisor to RBC prior to the receivership commencement date), plus disbursements and HST, for the period November 12, 2018 to March 23, 2019; and

(b) Cox & Palmer in the amount of $95,071.50, plus disbursements and HST, for the period from November 30, 2018 to March 29, 2019.

Overview of the Receivership Proceedings

7.3 The efforts and activities of the Receiver are described in detail in the Prior Reports, as well as in this Third Report. An overview of the receivership proceedings and the primary activities of the Receiver is provided below:

(a) the receivership proceedings were conducted in two disparate geographical locations, Charlottetown, PEI and Abbotsford, British Columbia:

(i) the Charlottetown operations were comprised of two businesses: (1) a manufacturer of brewery equipment (DME); and (2) a manufacturer of seafood processing equipment (ASM). The two businesses operated from three (3) facilities with a total of approximately 160 employees; and

(ii) the Abbotsford operation was a single business (NSI), a manufacturer of brewery equipment, that operated from four (4) facilities with approximately 100 employees;

(b) following an assessment of work-in-process ("**WIP**") inventory at each of the Charlottetown and Abbotsford locations, the Receiver decided to continue certain operations in Charlottetown to maximize both: (i) net recoveries from accounts receivable and WIP inventory; and (ii) net proceeds from the Sales Process by seeking "turnkey" buyers for the Charlottetown businesses;

(c) a summary of the hours and fees incurred by the Receiver: (i) as financial advisor to RBC during the period prior to the commencement of the receivership proceedings; and (ii) during the receivership, for each of the Charlottetown and Abbotsford locations, is provided below;

Receiver's Fees	**Hours**	**Fees ($000's)**
Pre-receivership (as financial advisor to RBC)	146.5	87.9
Receivership Period – Charlottetown	1,264.8	618.7
Receivership Period – Abbotsford	744.6	299.8
Receivership Period – Total	**2,009.4**	**918.5**
Combined Total	**2,155.9**	**1,006.4**

The Receiver incurred approximately 1,265 hours and $619,000 of fees related to the Charlottetown location (which also housed the DME Group's head office, where all finance, accounting and human resources/payroll functions were performed) and approximately 745 hours and $300,000 of fees related to the Abbotsford location. Total hours and fees related to Charlottetown were higher than Abbotsford as the Receiver. (i) continued certain operations in Charlottetown which necessitated regular on-site attendance to assist with day-to-day activities (whereas no operations were continued in Abbotsford): (ii) assisted potential "turnkey" bidders with extensive due diligence information requests and questions during the Sales Process; and (iii) ultimately negotiated two purchase and sale agreements for the DME and ASM transactions, which resulted in "turnkey" sales with continued operations and employment;

(d) in addition to overseeing/facilitating the continued operations at DME Charlottetown, other time intensive work carried out by the Receiver included: (i) the tasks associated with terminating approximately 260 employees, including facilitating final payments for accrued wages and vacation pay outstanding as at the receivership date, re-engaging approximately 55 employees in Charlottetown, and administering Wage Earner Protection Plan submissions for all eligible employees (substantially all 260 employees); (ii) conducting the Sales Process and negotiating and closing three (3) transaction agreements; (iii) coordinating and overseeing the auction/liquidation in Abbotsford; and (iv) responding to numerous inquiries from employees, customers and creditors.

Hutchens Affidavit & Hogan Affidavit

7.4 The total fees and disbursements of the Receiver are set out in detail in the affidavit of Alan J. Hutchens sworn May 21, 2019 (the "**Hutchens Affidavit**"), a copy of which is attached as **Appendix "A"** hereto.

7.5 The total fees and disbursements of Cox & Palmer are set out in detail in the affidavit of Charity Hogan, sworn May 21, 2019 (the "**Hogan Affidavit**"), a copy of which is attached as **Appendix "B"** hereto.

7.6 RBC will incur a significant shortfall on its advances to the DME Group and, as such, is the only party with an economic interest in the fees and disbursements of the Receiver and its counsel. RBC was provided with a copy of the Receiver's invoices as they were rendered during the course of the receivership proceedings RBC has confirmed to the Receiver that it does not object to this Court's approval of the Receiver and its counsel's fees and disbursements as set out in the Hutchens Affidavit and the Hogan Affidavit.

8.0 RECEIVER'S ACTIVITIES

8.1 In addition to the activities described above, the Receiver's activities since the date of the Second Report include the following:

- continuing to carry out the Receiver's duties and responsibilities in accordance with the Appointment Order;
- attending at the DME Group's premises and assisting with continuing certain operations at DME Charlottetown until March 5, 2019 when the DME Agreement closed;
- collecting outstanding accounts receivable and other amounts owed to the DME Group;
- assisting in communications with key stakeholders, including the DME Group's former employees, customers, landlords and suppliers;
- communicating with legal counsel to the Receiver on a number of receivership matters;
- maintaining the Case Website;

- preparing this Third Report and reviewing and commenting on materials in respect of this motion; and
- addressing all other matters pertaining to these receivership proceedings.

9.0 RECEIVER'S DISCHARGE

9.1 Prior to completing its administration, the Receiver intends to:

- pursue any remaining receivable balances, including certain funds that are currently held by a third-party escrow agent in connection with an arbitration matter that commenced prior to these receivership proceedings;
- pay any remaining cash balances to RBC in accordance with the Distribution and Discharge Order; and
- prepare and file the Receiver's final report as required under Section 246 of the BIA.

9.2 After the Receiver has completed these activities, it intends to file a Discharge Certificate as its duties and responsibilities under the Appointment Order and other orders made in these proceedings will have been completed. Addressing the discharge in this manner will avoid the costs of a subsequent motion in these proceedings solely for the purpose of seeking the Receiver's discharge.

10.0 CONCLUSIONS AND RECOMMENDATIONS

10.1 Based on the foregoing, the Receiver respectfully recommends that the Court make an order granting the relief sought in the Receiver's Notice of Motion and detailed in Section 1.5(d) of this Third Report.

All of which is respectfully submitted this 22nd day of May 2019.

Alvarez & Marsal Canada Inc., in its capacity as Receiver of DME Limited Partnership, DME General Partner Inc., Atlantic Systems Manufacturing (2016) Ltd., DME Canada Acquisitions Inc. and DME US Holdco Inc., and not in its personal capacity

AHutchens

Per: Alan J. Hutchens, Senior Vice-President

Tab 3

Court File No. S1 GS 28446

SUPERIOR COURT OF PRINCE EDWARD ISLAND
(GENERAL SECTION)

BETWEEN:

ROYAL BANK OF CANADA

APPLICANT

- and -

DME LIMITED PARTNERSHIP, DME GENERAL PARTNER INC., ATLANTIC SYSTEMS MANUFACTURING (2016) LTD., DME CANADA ACQUISITIONS INC. and DME US HOLDCO INC.

RESPONDENTS

AFFIDAVIT OF ALAN J. HUTCHENS
(Sworn May 21, 2019)

I, ALAN J. HUTCHENS, of the Town of Oakville, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Senior Vice-President of the financial advisory firm Alvarez & Marsal Canada Inc. ("**A&M**"), the Court appointed receiver (in such capacity, the "**Receiver**") of the assets, undertakings and properties of each of DME Limited Partnership, DME General Partner Inc., Atlantic Systems Manufacturing (2016) Ltd., DME Canada Acquisitions Inc. and DME US Holdco. Inc. (collectively, the "**DME Group**"). As such, I have knowledge of the matters hereinafter deposed to.

2. A&M was appointed as Receiver pursuant to an order of the Supreme Court of Prince Edward Island (General Section) (the "**Court**") dated November 26, 2018 (the "**Appointment Order**"). The Receiver retained Cox & Palmer ("**Cox & Palmer**") as its counsel in these proceedings.

3. Pursuant to paragraphs 26 and 27 of the Appointment Order, the Receiver and its legal counsel are entitled to be paid their reasonable fees at their normal rates and charges, and are required to pass their accounts from time to time.

4. The efforts and activities of the Receiver are described in the two prior Reports that the Receiver has filed with the Court prior to the date hereof in these proceedings, as well as the Receiver's Third Report to be filed on the date hereof in respect of the within motion for the passing of accounts.

5. Attached hereto and marked as **Exhibit "1"** to this my Affidavit is a summary (the "**A&M Accounts Summary**") of the invoices rendered by A&M (the "**A&M Accounts**", and collectively, the "**A&M Fees and Disbursements**") in respect of these proceedings for the period from November 12, 2018 to March 23, 2019 (the "**A&M Application Period**"). The A&M Accounts included itemization and totals for services rendered by A&M personnel, a summary of which personnel and their hourly rates is attached hereto and marked as **Exhibit "2"** to this my Affidavit. As well, attached as **Exhibit "3"** to this my Affidavit, are copies of the A&M Accounts, redacted for privileged, confidential, and commercially sensitive information.

6. A&M expended a total of 2,155.9 hours in connection with this matter during the A&M Application Period, giving rise to fees and disbursements totalling $1,194,299.84 comprised of fees after discounts of $1,006,396.50 (including $87,854.50 as financial advisor to Royal Bank of Canada prior to the receivership commencement date), disbursements of $50,506.01 and HST of $137,397.33, all of which are outlined in the A&M Accounts Summary.

7. Cox & Palmer, counsel to the Receiver ("**Receiver's Counsel**"), has rendered services throughout these proceedings in a manner consistent with the instructions of the Receiver.

8. The total fees for services and disbursements provided by Receiver's Counsel during the period of November 30, 2018 to March 29, 2019 amount to $116,253.37 (the "**Receiver's Counsel Fees and Disbursements**", together with the A&M Fees and Disbursements, the "**Receiver's Fees and Disbursements**", including fees of $95,071.50, disbursements of $6,056.14, and HST of $15,125.73. The services rendered by Receiver's Counsel are more particularly described in the

affidavit of Charity Hogan (and the Exhibits thereto) sworn May 21, 2019 in support of the Receiver's request for approval of the Receiver's Counsel Fees and Disbursements.

9. In addition to the approval of the Receiver's Fees and Disbursements incurred to date in these proceedings, the Receiver is also seeking approval of fees and disbursements that the Receiver estimates that it will incur to complete the remaining activities to conclude the receivership proceedings. As described in the Third Report of the Receiver dated May 22, 2019, it is anticipated that the Receiver will be required to carry out the following remaining activities (collectively, the "**Remaining Activities**"):

(a) attending the Court hearing to be held on May 30, 2019;

(b) pursuing remaining accounts receivable balances, including certain funds that are currently held by a third-party escrow agent in connection with an arbitration matter that commenced prior to the Receivership Proceedings;

(c) making distributions to RBC in accordance with the Distribution and Discharge Order;

(d) preparing and filing the Receiver's final report as required under Section 246 of the *Bankruptcy and Insolvency Act*; and

(e) any incidental tasks that may be required in connection with concluding the Receivership Proceedings, including without limitation, preparing and filing the Discharge Certificate.

10. The Receiver estimates that its fees and disbursements in connection with the Remaining Activities will be no greater than $17,500 plus HST.

11. To the best of my knowledge, the rates charged by the Receiver and Receiver's Counsel are comparable to the rates charged for the provision of similar services by other large restructuring firms and law firms, and are fair and reasonable.

12. This Affidavit is sworn in connection with a motion by the Receiver to the have the Receiver's Fees and Disbursements in relation to these proceedings approved by this Court.

SEALED, DELIVERED & ATTESTED to
in the presence of:

WITNESS, A notary public in and for the
province of Ontario

Name: Kyle B. Plunkett
May 21, 2019

ALAN J. HUTCHENS

This is Exhibit "1" referred to in the

affidavit of Alan J. Hutchens

sealed, delivered and attested to before me, this 21

day of May, 2019.

WITNESS,
A notary public in and for the province of Ontario
Name: Kyle B. Plunkett

EXHIBIT "1"
ALVAREZ & MARSAL CANADA INC., COURT-APPOINTED RECEIVER OF
DME GROUP
(November 12, 2018 to March 23, 2019)

Invoice No.	Invoice Date	Invoice Period / Description	Total Hours	Fees	Discount	Fees After Discount	Disbursements	HST	Invoice Total ($CAD)
Pre-Receivership									
Invoice #1	December 10, 2018	November 12, 2018 to November 25, 2018	146.5	$ 97,406.00	$ (9,551.50)	$ 87,854.50	$ -	$ 11,421.09	$ 99,275.59
Sub-Total			**146.5**	**$ 97,406.00**	**$ (9,551.50)**	**$ 87,854.50**	**$ -**	**$ 11,421.09**	**$ 99,275.59**
Receivership									
Invoice #1	December 18, 2018	November 26, 2018 to December 8, 2018	469.[illegible]	$ 256,609.00	$ (23,377.50)	$ 233,231.50	$ 6,209.50	$ 31,127.33	$ 270,568.33
Invoice #2	January 7, 2019	December 9, 2018 to December 22, 2018	418.0	205,113.00	(16,902.50)	188,210.50	5,529.72	25,186.23	218,926.45
Invoice #3	January 17, 2019	December 23, 2018 to January 5, 2019	180.6	88,414.50	(7,384.50)	81,030.00	7,483.41	11,506.74	100,020.15
Invoice #4	January 28, 2019	January 6, 2019 to January 19, 2019	339.9	168,445.50	(14,121.00)	154,324.50	8,722.55	21,196.12	184,243.17
Invoice #5	February 14, 2019	January 20, 2019 to February 2, 2019	219.3	110,074.50	(9,406.00)	100,668.50	7,146.88	14,016.00	121,831.38
Invoice #6	February 20, 2019	February 3, 2019 to February 16, 2019	204.5	105,514.00	(9,437.00)	96,077.00	7,081.40	13,410.59	116,568.99
Invoice #7	March 28, 2019	February 17, 2019 to March 23, 2019	177.7	82,390.50	(17,390.50)	65,000.00	8,332.55	9,533.23	82,865.78
Sub-Total			**2,009.4**	**$ 1,016,561.00**	**$ (98,019.00)**	**$ 918,542.00**	**$ 50,506.01**	**$ 125,976.24**	**$ 1,095,024.25**
TOTAL			**2,155.9**	**$ 1,113,967.00**	**$ (107,570.50)**	**$ 1,006,396.50**	**$ 50,506.01**	**$ 137,397.33**	**$ 1,194,299.84**

This is Exhibit "2" referred to in the

affidavit of Alan J. Hutchens

sealed, delivered and attested to before me, this 21

day of May, 2019.

WITNESS,
A notary public in and for the province of Ontario
Name: Kyle B. Plunkett

EXHIBIT "2"
ALVAREZ & MARSAL CANADA INC., COURT-APPOINTED RECEIVER OF
DME GROUP
(November 12, 2018 to March 23, 2019)

Staff Member	Title	Total Hours	Rate ($CAD)	Amount Invoiced ($CAD)
Douglas McIntosh	Managing Director	26.0	$925.00	24,050.00
Alan Hutchens	Managing Director	124 8	$860.00	107,328.00
Josh Nevsky	Senior Director	512.7	$645.00	330,691.50
Ryan Gruneir	Senior Associate	581.4	$450.00	261,630.00
Audrey Singels-Ludvik	Associate	87.8	$325.00	28,535.00
John-Luke Ip	Analyst	78.6	$325.00	25,545.00
Anthony Tillman	Managing Director	107.7	$750.00	80,775.00
Vicki Chan	Director	323.5	$465.00	150,427.50
Marianna Lee	Senior Associate	250.7	$375.00	94,012 50
Monica Cheung	Executive Assistant	62.7	$175.00	10,972.50
Voluntary Reduction				(107,570.50)
Total Fees (excl. Disbursements and HST)		**2,155.9**	**Avg Rate $466.81**	**$1,006,396.50**

This is Exhibit "3" referred to in the

affidavit of Alan J. Hutchens

sealed, delivered and attested to before me, this 21

day of May, 2019.

WITNESS,
A notary public in and for the province of Ontario
Name: Kyle B. Plunkett

Alvarez & Marsal Canada ULC
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

December 10, 2018

Royal Bank of Canada
222 Bay Street, 24th Floor
Toronto, Ontario
M5K 1G8

Attention: Mr. Gary Ivany, Senior Director, Group Risk Management

DME LIMITED PARTNERSHIP ET AL (the "Company")
RE: INVOICE #1 - 818344

For professional services rendered in our capacity as Consultant to the Bank to review, report and make recommendations to the Bank pursuant to the engagement letter dated November 15, 2018, for the period to November 25, 2018.

BILLING SUMMARY

	Hours	Rate	Total
D. McIntosh, Managing Director	26.0	$925	$24,050.00
A. Hutchens, Managing Director	30.3	$860	26,058.00
J. Nevsky, Senior Director	34.4	$645	22,188.00
R. Gruneir, Associate	55.8	$450	25,110.00
	146.5		$97,406.00
Voluntarily reduced to			$87,854.50
Add: HST @ 13%			11,421.09
TOTAL INVOICE			**$99,275.59**

Mailing Instructions:
Alvarez & Marsal Canada Inc.
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank:	TD Canada Trust
Account Name:	Alvarez & Marsal Canada ULC
Swiftcode:	TDOMCATTTOR
Bank Address:	55 King Street West Toronto, ON
Bank Transit #:	10202
Institution #:	0004
Account #:	5519970
Reference #:	DME Limited Partnership (818344) – Inv. #1
HST#:	83486 3367RT0001

DME Limited Partnership – 818344
DETAILED SUMMARY – November 15 to 25, 2018

D. McIntosh		**Hrs.**
Nov 12	Call with RBC.	0.7
Nov 13	Review background materials; meeting with R. Gruneir; prepare for and attend meeting with RBC and Aird & Berlis ("A&B").	2.5
Nov 14	Prepare for and attend call with RBC and A&B; internal situation/status meeting; review further documents and information; call with RBC; call with internal counsel; review information request list.	3.7
Nov 15	Teleconference with RBC and A&B regarding engagement/issues; review financial information and correspondence; discussions with A. Hutchens and J. Nevsky.	3.2
Nov 16	Teleconference with RBC and A&B; prepare for and attend meeting of key stakeholders at Goodmans' offices; review further information received, and related calls/correspondence.	5.7
Nov 18	Review various correspondence regarding status; call with A&B.	2.0
Nov 19	Call with A&B; review engagement matters.	2.0
Nov 20	Prepare for two calls with A&B and RBC; review correspondence; discussions with A. Hutchens and R. Gruneir; call with A&B.	2.4
Nov 21	Prepare for and attend call with Goodmans and Richter regarding next steps; review correspondence.	1.0
Nov 22	Call with RBC and A&B regarding go-forward plan, D&O liabilities/vacation pay status; calls with A. Hutchens and J. Nevsky; prepare for and attend call with A&B.	1.8
Nov 23	Prepare for and attend call with RBC and A&B regarding next steps/planning.	1.0
TOTAL – D. McIntosh		**26.0 hrs.**

A. Hutchens		**Hrs.**
Nov 14	Review reports prepared by Richter and other financial information.	1.4
Nov 15	Teleconference with RBC and A&B on situation status; further review financial information.	1.0

DME Limited Partnership – 818344
DETAILED SUMMARY – November 15 to 25, 2018

Nov 16	Teleconference with RBC and A&B on situation status; attend at Goodmans' offices for meeting with [redacted], [redacted], Goodmans, RBC and A&B.	3.5
Nov 17	Review further financial information received from Richter; internal discussions and emails on priority items for discussion with H. Yanowitz.	1.0
Nov 20	Teleconference with RBC and A&B on an email received from Goodmans; teleconference with RBC and A&B on next steps; emails with Goodmans, Richter and A&B on payroll and related matters; coordination/planning emails with A&M Vancouver regarding the Abbotsford locations; review iterations of the draft Work Plan and internal discussions on same; teleconference with RBC and A&B on situation status and next steps.	4.8
Nov 21	Review information received from Richter on the accrued vacation pay liability; internal discussions and emails on situation status and next steps; teleconference with RBC and A&B on situation status and next steps; internal discussions and emails on Day 1/Week 1 contingency planning matters.	3.5
Nov 22	Teleconference with RBC and A&B on situation status and next steps; teleconference with Goodmans and Richter on situation status and next steps; internal discussions and emails on contingency planning matters; discussion with [redacted] on his go-forward involvement and potential Day 1/Week 1 matters; review the draft Affidavit of G. Ivany and emails with A&B on same; review the draft Receivership Order.	5.8
Nov 23	Teleconference with RBC and A&B on receivership planning matters; review the revised draft Affidavit of G. Ivany and emails with A&B on same; teleconference with RBC, A&B and Cox & Palmer on the draft Receivership Order and related matters; teleconference with RBC and A&B on the status of receivership commencement matters; teleconference with RBC, A&B, Cox & Palmer and MLT Aikins on the draft Receivership Order.	3.8
Nov 24	Discussion with [redacted]n his go-forward involvement and receivership planning matters; internal discussions and emails on receivership planning matters; teleconference with a stakeholder group on a potential proposal to acquire RBC's debt, and emails with RBC and A&B regarding same.	2.0

Nov 25	Teleconferences with a stakeholder group on a potential proposal to acquire RBC's debt, and emails with RBC and A&B regarding same; travel from Toronto to Charlottetown for tomorrow's Court hearing.	3.5

TOTAL – A. Hutchens **30.3 hrs.**

J. Nevsky		**Hrs.**
Nov 15	Review financial and other information provided by DME; review borrowing base information; review Richter reports submitted to RBC; telephone meetings with A. Hutchens, RBC and A&B.	2.0
Nov 16	Telephone meeting with A. Hutchens and A&B regarding planning matters; further review of company and Richter prepared financial information and reporting; various telephone meetings with RBC and A&B.	3.6
Nov 17	Review financial and other information provided by DME; review Richter report and operating model and discussions with R. Gruneir regarding same; telephone meeting with Richter and [redacted]. [redacted] to review and discuss cash flow projections, operating model and other items.	6.5
Nov 18	Email correspondence with R. Gruneir.	0.8
Nov 19	Correspondence with Richter to review of liquidation analysis and work-in-progress analysis and discussions with R. Gruneir regarding same; discussions with R. Grunier regarding receivership work plan.	3.5
Nov 22	Review of employee and payroll schedules, including unpaid wages and vacation pay; review of revised short-term cash flow forecast; telephone discussions with RBC and A&B regarding receivership planning matters; discussions with [redacted] regarding planning matters and information requests.	4.0
Nov 23	Telephone discussions with A&B regarding draft receivership materials; prepare the draft Sale Process document and discussions with A. Hutchens regarding same; review cash flow forecast; discussions with [redacted] of DME and review of financial and borrowing base information; review draft employee letters and communications plan for anticipated receivership.	6.5

Nov 24	Discussions with A&B regarding draft receivership materials and Sale Process document; preparation of draft employee letters and communications plan; telephone discussions with a stakeholder group regarding a potential proposal to RBC.	5.5
Nov 25	Teleconferences with a stakeholder group on a potential proposal to RBC, and emails with RBC and A&B regarding same.	2.0
TOTAL – J. Nevsky		**34.4 hrs.**

R. Grunier		**Hrs.**
Nov 15	Update information request list based on D. McIntosh and A. Hutchens comments; call with K. Plunkett from A&B to provide update.	2.0
Nov 16	Review documents provided by K. Plunkett of A&B and provide CBA to A. Hutchens and J. Nevsky to review; internal meeting with J. Nevsky on status/next steps.	1.4
Nov 17	Call with Richter and DME to review liquidation analysis, operating model and short-term cash flow model, and further review of same; draft memo from teleconference and provide to J. Nevsky for review.	5.9
Nov 18	Review emails provided by J. Nevsky and respond accordingly; review project progress analysis prepared by DME and prepare summary schedule for RBC; send same to J. Nevsky for review.	2.1
Nov 19	Teleconference with E. Finley of Richter to walk through project progress analysis; further review of project progress analysis; correspondence with E. Finley of Richter on projects at DME's South Carolina facility.	7.1
Nov 20	Review emails received from Goodmans; preparation of draft receivership workplan and send to A. Hutchens and J. Nevsky for review; review emails provided by Goodmans re: payroll and draft and send email to A. Hutchens and J. Nevsky to outline required payroll disbursements; call with E. Finley of Richter to discuss same; draft form 87 – Notice and Statement of the Receiver and send to A. Hutchens and J. Nevsky for review; update receivership workplan based on A. Hutchens comments; prepare draft receivership cash flow forecast and provide to A. Hutchens and J. Nevsky for review; teleconference with RBC, Goodmans, A&B and Richter to discuss payroll and other matters.	8.2

DME Limited Partnership – 818344
DETAILED SUMMARY – November 15 to 25, 2018

Nov 21	Review information received from Richter on the accrued vacation pay liability; internal discussions and emails on situation status and next steps; prepare schedule to analyze accrued vacation pay liability and provide to A. Hutchens for his review; review fixed asset listing provided by E. Finley of Richter and provide comments for his follow-up.	7.0
Nov 22	Further analysis of the accrued vacation pay liability; prepare draft notices and documents required for anticipated receivership proceedings; call with [redacted] regarding information requirements; prepare information request list for [redacted] internal discussions re: WEPPA requirements.	6.5
Nov 23	Prepare summary schedule for accrued salaried and hourly vacation pay; draft and send email to K. Plunkett of A&B for review of term and task employment letters; prepare FAQ memo for website; organize set-up of website for anticipated receivership; internal discussions to set-up 1-800 hotline number and receivership email address; draft employee letter relating to WEPPA and provide to J. Nevsky for review.	7.5
Nov 24	Review information provided by [redacted]; prepare schedule to outline detail of disbursements made by DME; draft and send email to A. Singels to organize set-up of receiver's trust bank accounts; prepare detailed information request list fo[redacted]; prepare summarized financials for inclusion in CIM for Sales Process and provide to J. Nevsky for review.	6.0
Nov 25	Internal discussions regarding website and hotline set-up; preparation of WEPPA schedules and notices required for all employees; review of operating model and update summary financials for CIM.	2.1
TOTAL – R. Gruneir		**55.8 hrs.**

Alvarez & Marsal Canada Inc.
Licensed Insolvency Trustees
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

December 18, 2018

Royal Bank of Canada
222 Bay Street, 24th Floor
Toronto, Ontario M5K 1G8

Attention: Mr. Gary Ivany, Senior Director, Group Risk Management

DME LIMITED PARTNERSHIP, ET AL (collectively, the "Company")
RE: INVOICE #1 – 818344A and 818344B

For professional services rendered in our capacity as Court-appointed Receiver pursuant to the Receivership Order dated November 26, 2018, for the period to December 8, 2018.

BILLING SUMMARY

	Hours	Rate	Total
Charlottetown/Head Office			
A. Hutchens, Managing Director	41.3	$860	$35,518.00
J. Nevsky, Senior Director	99.8	$645	64,371.00
R. Gruneir, Associate	108.1	$450	48,645.00
A. Singels-Ludvik, Associate	22.0	$325	7,150.00
J.L. Ip, Analyst	19.2	$325	6,240.00
	290.4		$161,924.00
Abbotsford			
A. Tillman, Managing Director	61.4	$750	$46,050.00
V. Chan, Director	58.0	$465	26,970.00
M. Lee, Senior Associate	56.0	$375	21,000.00
M. Cheung, Administrator	3.8	$175	665.00
	179.2		$94,685.00
	469.6		$256,609.00

Voluntarily reduced to:	$233,231.50
Add: Out of pocket expenses including airfare, hotel, meals and locksmith charges	6,209.50
	$239,441.00
Add: HST @ 13%	31,127.33
TOTAL INVOICE	**$270,568.33**

Mailing Instructions:
Alvarez & Marsal Canada Inc.
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank:	TD Canada Trust
Account Name:	Alvarez & Marsal Canada ULC
Swiftcode:	TDOMCATTTOR
Bank Address:	55 King Street West Toronto, ON
Bank Transit #:	10202
Institution #:	0004
Account #:	5519970
Reference #:	DME Limited (818344A/B) – Inv. #1
HST#:	83158 2127 RT0001

DME Limited Partnership – 818344
DETAILED SUMMARY – November 26 to December 8, 2018

Charlottetown/Head Office

A. Hutchens		**Hrs.**
Nov 26	Attend at Cox & Palmer's offices to prepare for the anticipated commencement of the receivership; teleconferences with a stakeholder group on the potential acquisition of RBC's debt and teleconferences/emails with RBC and Aird & Berlis ("A&B") on same; attend at Court for the receivership application hearing; internal discussions and emails on Day 1 receivership matters.	7.0
Nov 27	Internal discussions and emails on Week 1 receivership matters; return travel from Charlottetown to Toronto; respond to and/or route customer and creditor inquiries.	4.2
Nov 28	Internal discussions and emails on Week 1 receivership matters; internal teleconference on the Abbotsford locations; review the short-term cash flow forecast to support Receiver Certificate No. 1 and internal discussions/emails on same; emails with RBC on banking matters and Receiver Certificate No. 1; review the draft AR/WIP/project completion analysis and internal discussion on same.	5.3
Nov 29	Internal discussions and emails/emails with Cox & Palmer on Week 1 receivership matters; emails with RBC on banking matters; respond to and/or route customer and creditor inquiries.	3.5
Nov 30	Internal discussions and emails on Week 1 receivership matters; review the preliminary liquidation analysis and internal discussion on same; teleconference with RBC to provide situation/receivership status update; respond to and/or route customer inquiries; discussion and emails with [redacted] (insurance broker) on insurance matters; internal discussion on the launch of the sale process, list of potential buyers and discussions/inquiries to-date; review the forms of Release and Bill of Sale to be utilized with customers; review the draft letter to the Arbitrator in the NSI litigation and emails with Cox & Palmer on same.	4.7
Dec 2	Review and revise the draft materials for the Sale Process (Confidential Information Memorandum ("CIM"), Teaser and Prospective Buyers List) and internal emails on same.	1.0

DME Limited Partnership – 818344
DETAILED SUMMARY – November 26 to December 8, 2018

Dec 3	Further review the draft materials for the Sale Process and internal discussions/emails on same; internal discussions and emails on open receivership matters; emails with [redacted] on insurance matters; internal emails on December rent payments and finalize related disbursements; teleconference with Assembly Companies (asset manager/broker) regarding the Loris facility; review the draft Manufacturing Services Agreement with Advanced Extraction Systems (the "AES MSA") and internal emails/emails with Cox & Palmer on same.	5.6
Dec 4	Internal discussions and emails on open receivership matters; internal emails/emails with Cox & Palmer on iterations of the draft AES MSA; emails with RBC on banking and other matters; teleconference with Cox & Palmer on open receivership matters; emails with Cox & Palmer on the Loris facility.	3.3
Dec 5	Review the updated and extended cash flow forecast to support Receiver Certificate No. 2 and internal discussions/emails on same; emails with RBC on Receiver Certificate No. 2; internal emails on the Wage Earners' Protection Program ("WEPP"); internal discussions and emails on open receivership matters; review and revise the draft statutory Notice and Statement of Receiver ("Statutory Notice").	2.7
Dec 6	Internal discussions and emails on open receivership matters; review and finalize disbursements; teleconference with Cox & Palmer on open receivership matters; finalize the Statutory Notice for mailing to creditors.	2.2
Dec 7	Review the draft letter to [redacted]. (a landlord) and internal discussion on same; review the Escrow Agreement with Province Brands; respond to and/or route customer inquiries; internal teleconference, discussions and emails/emails with Cox & Palmer on open receivership matters.	1.8

TOTAL – A. Hutchens **41.3 hrs.**

J. Nevsky		**Hrs.**
Nov 26	Attend at Cox & Palmer's offices to prepare for the anticipated commencement of the receivership; teleconferences with a stakeholder group on the potential acquisition of RBC's debt and teleconferences/emails with RBC and A&B on same; final preparations with Cox & Palmer prior to receivership Court hearing; attend at DME's premises to perform walk through of the Charlottetown facilities and take possession and control as Receiver; meetings with former DME personnel regarding the receivership proceedings and go-forward arrangements as contractors; discussions with A. Tilman on the Abbotsford locations; discussions with A. Hutchens and R. Gruneir on Day 1 activities; prepare update email to RBC regarding the commencement of the receivership and Day 1 activities; review of projects work-in-progress schedule.	10.2
Nov 27	Meeting with [redacted] (former CFO) to identify key staff required to review ongoing projects and assess economics of restarting certain manufacturing operations at the Charlottetown and Abbotsford facilities; meeting with representatives of DME's former employee association regarding the receivership proceedings and go-forward plans; further review of the projects work-in-progress schedule; meeting with [redacted] and [redacted] to discuss Atlantic Systems Manufacturing ("ASM") and taking possession and control of ASM's facility; numerous discussions with customers, creditors and other stakeholders; meetings with former DME personnel to review the projects work-in-progress schedule and prepare strategy and model to restart certain manufacturing at the Charlottetown facility; discussions with A. Hutchens and Cox & Palmer on various receivership matters, including employee association, contractor agreements, Loris location and banking; discussions with [redacted] and [redacted] on the Sales Process; discussions with potential bidders regarding the Sale Process.	9.0

Nov 28	Further meetings with former DME personnel to review the projects work-in-progress schedule and Charlottetown operations model; meeting with R. Gruneir and former DME personnel regarding the Sales Process and preparation of marketing materials, virtual data room ("VDR") and potential buyers list; meeting with [redacted] and [redacted] regarding AR and customer accounts; discussions with former DME personnel regarding contractor agreements; meeting with R. Gruneir and R. Jones on former employee matters, including payroll, vacation pay accrual and other outstanding matters; discussions with P. Williams on the former employee association, NSI litigation and customer discussions; discussions with potential bidders regarding the Sales Process; review the form of non-disclosure agreement ("NDA") to be utilized in the Sales Process and discussions with Cox & Palmer on same; discussions with R. Gruneir on the creditors list, draft Statutory Notice and Receiver's website.	9.5
Nov 29	Discussions with A. Hutchens and P. Williams on open receivership matters, including restarting certain manufacturing licenses, the former employee association, negotiations with AES and the related manufacturing agreement; emails with J. Ip on the Sales Process, potential buyers list and population of the VDR; meeting with representatives of AES to discuss go-forward arrangements; numerous discussions with customers and other stakeholders regarding the receivership proceedings, status of deposits and ongoing projects; discussions with potential bidders regarding the Sales Process; review of the draft Bill of Sale and Release forms and discussions with Cox & Palmer on same; discussions with [redacted] on restarting certain manufacturing and draft contractor agreements; meetings with [redacted] and [redacted] to develop personnel plan and production schedule.	8.0

Nov 30	Meeting with [redacted] and former sales personnel on the sale of certain finished goods and related negotiations; meeting with [redacted] on the status of projects and the sale process for ASM; discussions with A. Tilman and V. Wong on Abbottsford matters, including the status of certain projects and sale of finished goods; discussion with P. Williams on vendor and customer matters; review of marketing materials with [redacted] and drafting of CIM and Teaser; discussions with potential bidders in the Sales Process, including due diligence matters for ASM; review of final personnel schedule and review the independent contractor agreement; discussions with [redacted] and P. Williams on workplace safety matters and registration with the Province; prepare outline of agreed terms with AES on go-forward production; review of marked-up NDA and discussions with Cox & Palmer on same.	10.4
Dec 1	Review and revise the Sales Process marketing materials, including the CIM and Teaser; review of financial and operational documents for uploading to the VDR and discussions with J. Ip and R. Gruneir on same.	4.5
Dec 2	Review of the Sales Process potential buyers list; preparation of a Sale Process update deck for RBC; review the revised draft Asset Purchase Agreement ("APA"); discussion with a potential purchaser of ASM; further revisions to the CIM and finalize Teaser.	4.0
Dec 3	Meeting with returning production and manufacturing personnel to address questions regarding the receivership and go-forward arrangements as contractors; reach-outs and emails with potential bidders; discussions with J. Ip on opening the VDR and review of same; discussions with P. Williams on manufacturing licenses and related operating matters; meeting with representatives of AES to discuss the draft AES MSA; emails with customers regarding deposits, finished products and to coordinate pick-up; meeting with a potential purchaser of ASM at ASM's premises; discussions with R. Gruneir on the Loris facility, operations and personnel matters.	10.5

Dec 4	Discussions with a customer regarding an escrow agreement and follow-up discussions with Cox & Palmer on same; meeting with [redacted] to discuss production schedule and inventory requirements; discussions with potential bidders and diligence matters; review of marked-up NDAs; discussion with P. Williams on Provincial operating licenses and certifications; review of Sales Process potential buyers list with J. Ip; discussion with AES on payments and the AES MSA; meetings and discussions with project teams on the sale of finished goods and release of completed systems; deposit cheques at local RBC branch; discussions with V. Chan on employee and payroll matters for Abbotsford; discussions with P. Williams on correspondence to the Province on operating licenses; review and finalize the Bill of Sale and Release forms; review of cash flow forecast with R. Gruneir and A. Hutchens.	8.5
Dec 5	Discussions with potential bidders on diligence matters; discussions with J. Ip and review of documents uploaded to the VDR; review draft escrow agreement and discussions with P. Williams on same; diligence correspondence with a potential purchaser of ASM and site visit at ASM; review of NDAs and discussions with Cox & Palmer on same; meeting with R. Gruneir and [redacted] regarding a subcontractor [redacted] and related matters; review of the [redacted] lease and discussions with A. Hutchens and P. Williams on obtaining access to that facility; discussions with customers regarding payments and pick-up of finished product; discussions with A. Tillman and A. Hutchens on the Sales Process and asset appraisals.	8.2

DME Limited Partnership – 818344
DETAILED SUMMARY – November 26 to December 8, 2018

Dec 6	Meeting with representatives of the Province on certain operating licenses and certifications required for go-forward manufacturing; discussions with A. Hutchens and P. Williams on obtaining access to the 22 McCarville facility; review of draft escrow agreement and discussions with P. Williams on same; diligence calls with potential bidders; meeting with [redacted] and [redacted] on the production schedule and review of progress to-date; review of purchase orders and coordinate payment to a vendor for completion of insulation services; review of customer change order and discussions with [redacted] on same; discussions with A. Hutchens on the Sales Process, including matters related to the sale of ASM; facilities tours with a representative of Maynards; review of NDAs and discussions with potential bidders on same; review of potential buyers list with J. Ip and progress to-date; discussions with [redacted] on logistics matters and arrangement of shipping on behalf of customers retrieving finished products; review of payroll detail for Week 1 with [redacted] and coordinate payments.	9.0
Dec 7	Discussions with A. Singels-Ludvik on payroll and banking matters; meetings with production personnel on progress to-date and go-forward manufacturing schedule; review of draft letter to the landlord of [redacted] and discussions with A. Hutchens on same; discussions with a customer on finalizing the draft escrow agreement and related logistics planning; discussions with A. Hutchens and A. Tillman on the Abbottsford locations, Sales Process and open receivership matters; site walk through at ASM with potential bidders; discussions with potential bidders on diligence matters; deposit cheques at local RBC branch; meeting with project team to review overtime hours; review of cash flow forecast with R. Gruneir.	8.0

TOTAL – J. Nevsky **99.8 hrs.**

DME Limited Partnership – 818344
DETAILED SUMMARY – November 26 to December 8, 2018

R. Grunier		**Hrs.**
Nov 26	Attend at Cox & Palmer's offices to prepare for the anticipated commencement of the receivership; review financial workbook and prepare information for the CIM; email to [redacted] to set-up Receiver's website; call with IT to set-up email and hotline number; arrange for locksmith to meet at DME facilities following issuance of the Receivership Order; attend at DME premises and meetings with [redacted] and [redacted] regarding go-forward plans; tour DME facilities and photograph material assets; meet with locksmith and oversee changing of all external door locks and garage bays; change alarm codes at both facilities; arrange for over-night security for both facilities.	11.0
Nov 27	Emails with P. Williams to obtain copies of the Motion materials, Affidavit and Service List to upload to the Receiver's website; arrange uploading of FAQs to the Receiver's website; emails with customers and suppliers regarding the receivership; meet with [redacted] to discuss payroll matters; discussions with [redacted] regarding creditor noticing requirements; emails with benefits providers to advise of the receivership appointment; meet with several creditors to provide update on receivership proceedings; prepare letter to IT service providers for continuation of services; document all Form 75s submitted (30-day goods) for review; discussions with [redacted] on employee termination letters, review same and send to all employees; emails with [redacted] to upload Motion materials, Affidavit and appendices to the Receiver's website.	11.5
Nov 28	Respond to numerous inquiries from creditors; prepare updated cash flow to support funding requirements for Week 1; internal discussions and emails on the cash flow forecast and revisions to same; prepare template for RBC to track cash receipts into DME's bank accounts; prepare Box for VDR purposes; attend ASM facilities to inspect and allow access to former employees; meeting with [redacted] (insurance broker) to discuss insurance situation and go-forward plans; begin preparation of creditor listing required for the Statutory Notice; discussions with [redacted] on payroll requirements for Week 1, calls with ADP to discuss same; emails with A. Hutchens on insurance matters.	11.0

DME Limited Partnership – 818344
DETAILED SUMMARY – November 26 to December 8, 2018

Nov 29	Meet with J. Nevsky and AES to discuss go-forward plans; emails with A. Singels-Ludvik and A. Du on banking matters and to coordinate wire payments to ADP for payroll; call with [redacted]s to discuss payroll timelines, etc.; call with [redacted] and ADP to provide status update and deadlines for payroll funding; emails with IT to correct hotline voicemail; prepare lease schedule of all rent and CAM payments for [redacted]eview; emails with FCA Insurance on insurance matters; discussions and emails with creditors to provide updates, etc.; provide wire confirmations to ADP and ensure funding received; emails with A. Tillman on fixed asset listings; discuss work plan with J. Nevsky and provide to A. Hutchens for review, call with J. Nevsky and A. Hutchens to discuss same; call with M. Lee to discuss WEPP and provide required documentation; correspondence with O. House on various matters.	9.5
Nov 30	Respond to numerous customer and creditor inquiries; coordinate payments for rents and insurance; emails with A. Du to confirm transfer of cash received into DME accounts to the Receiver's trust accounts; emails with Syspro to finalize go-forward payment for IT services; provide A. Hutchens with AR listings; draft email for D. Green for communications with landlords; emails with FCA Insurance on DME's current policy, provide A. Hutchens with same; emails with A. Du on transfers to the Receiver's trust accounts; discussions with J. Ip on the VDR and required updates; revise the schedule of rent payments to ensure proper wires are sent.	9.5
Dec 1	Respond to numerous customer and creditor inquiries; emails with J. Nevsky on open receivership matters; compile schedules to assist Maynards in its appraisal; prepare operating model workbook for VDR; prepare schedules for CIM; emails with [redacted]n the operating model; additional updates to the operating model based on J. Nevsky comments.	5.5
Dec 2	Further update the operating model; provide lease breakdown to K. Plunkett of A&B; review the draft CIM and provide comments to J. Nevsky.	2.1

Dec 3	Attend at ASM's facilities to meet with locksmith and secure all external doors and garage bays, review A. Hutchens comments on the draft CIM and update accordingly; discussion with [redacted] to determine plan for former employees to retrieve all personal belongings; teleconference with [redacted], real estate broker for Loris facility, to obtain update; emails with [redacted] and [redacted] on order status emails; provide [redacted] with finalized CIM and operating model for his review; meet with [redacted] to discuss mailing requirements; emails with P. Williams on the Loris location; discussions with [redacted] regarding creditor listing and requirement to add certain customers, landlords, utility providers, tax authorities and independent contractors; review comments provided by [redacted] on the operating model and provide to J. Ip to upload to VDR; correspondence with A. Du to provide update on cash receipts; forward several emails to order status address for management review; further work on creditor listing required for the Statutory Notice; discussions with [redacted] on accrued vacation pay; meet with former employees to oversee retrieval of personal belongings.	10.2
Dec 4	Respond to numerous customer and creditor inquiries; draft release letter for employee retrieval of personal belongings; continue work to compile creditor listing for the Statutory Notice; prepare mail merge schedules to assist with mailing to creditors; emails with M. Lee on lease payments for the Abbotsford locations; emails with A. Du to ensure cash receipts were transferred to Receiver's trust account; review updated operating model provided by [redacted] and upload to VDR; discussion with A. Singels-Ludvik on mailing requirements for Statutory Notice; emails with several customers regarding the status of projects, etc.; organize continuance of service with propane supplier; revise the cash flow forecast for Week 2 funding request and discussions with J. Nevsky on same; meet with former employees to oversee retrieval of personal belongings.	9.6

Dec 5	Finalize the cash flow forecast and send to A. Hutchens for review; teleconference with A. Hutchens on cash flow forecast and funding requirement for Week 2; update cash flow forecast based on A. Hutchens comments and send for review; discussions with R. Jones regarding accrued vacation pay; emails with [redacted] to outline tasks to complete; correspondence with several creditors to discuss current timelines, etc.; finalize the Statutory Notice and send to A. Tillman and A. Hutchens for review; review additional comments provided by A. Hutchens on cash flow and update accordingly; further revisions to the Statutory Notice; forward several emails to the order status team for review; emails with A. Du to confirm transfers to Receiver's trust accounts; meet with former employees to oversee retrieval of personal belongings.	10.1
Dec 6	Emails with A. Singels-Ludvik to coordinate wire payments to ADP to fund payroll; review active project list provided by [redacted] and update creditor listing to reflect only active projects; circulate revised Statutory Notice for final review; emails with [redacted] on the set-up of new ADP accounts; respond to creditor inquiries; review VDR and obtain additional information to upload; emails with J. Ip for VDR updates; call with [redacted] and [redacted] to discuss current situation with ZR and go-forward plans; send final Statutory Notice to A. Singels-Ludvik for submission to OSB; emails with [redacted] to add the Statutory Notice to the Receiver's website; update owned and leased asset schedule and provide to J. Ip to upload to VDR; oversee mailing of Statutory Notice to creditors; meet with a customer to discuss options for equipment; meet with former employees to oversee retrieval of personal belongings.	9.5
Dec 7	Emails with a customer to coordinate final payment for equipment purchase; review all submitted Form 75s and prepare schedule to assist in review; call with a customer on the sale of equipment; meet with [redacted] trailer rentals and assist with the removal of a trailer; review cash receipts tracker provided by A. Du and update cash flow forecast to incorporate same; discussion with creditors regarding go-forward plans; emails with a customer to finalize sale of equipment; meet with [redacted] and [redacted] to discuss Form 75 review requirements; further discussions regarding positive cash flow projects; emails with ADP on the set-up of new accounts; discussions with [redacted] regarding go-forward plans; meet with former employees to oversee retrieval of personal belongings.	8.0

Dec 8	Emails with J. Nevsky and A. Tillman on open receivership matters; internal emails on negotiations with ZR.	0.6

TOTAL – R. Gruneir **108.1 hrs.**

A. Singels-Ludvik		**Hrs.**
Nov 26	Emails with A. Hutchens on banking matters; emails with RBC regarding activation of future use account and set-up of USD bank account, follow-up call with [redacted] of RBC on same; email to [redacted] of RBC on deposit interest on CAD account and confirmation of same; arrange initial order of Receiver's cheques through RBC from Davis & Henderson.	1.4
Nov 29	Prepare/process wire transfer forms for ADP and fax to RBC for processing, follow-up with RBC on same; update Schedule of Receipts and Disbursements ("R&D").	0.5
Nov 30	Process invoice insurance premium installment; process invoice for payment - prepare wire transfer form for same, fax to RBC for processing and follow-up with RBC on same; update R&D.	0.5
Dec 3	Discussion with RBC to confirm incoming wire transfer; request bank account activity schedule to-date; arrange transfer of USD to CAD account – prepare RBC transfer form for same and email to RBC for processing, follow-up with RBC on same; emails with J. Nevsky/R. Gruneir on landlord payments; process cheques/wire transfer forms for landlord payments and fax to RBC for processing; update R&D.	3.3
Dec 4	Discussion with RBC wires department for confirmation of wire payments to landlords; review email from J. Nevsky on cheque deposit and request back-up on same; review emails from R. Gruneir regarding the creditor listings, format same to prepare labels for mailing of Statutory Notice.	4.5
Dec 5	Continue review of labels created from creditor listing; email final documents to R. Gruneir for mailing of Statutory Notice; process several invoices/payroll cheques for payment; discussion with RBC to confirm incoming wire.	6.5
Dec 6	Discussions with the OSB regarding the Statutory Notice; process wire payments to ADP for payroll; process additional wire payments; emails/discussions with J. Nevsky on deposit procedures at local RBC branch and provide Toronto RBC contact; update R&D.	2.2

Dec 7	Emails with R. Gruneir on the payroll payment schedule and several follow-up discussions on same; process payroll cheques for the period Nov 27 to 30; update R&D; various other R&D and payroll matters.	3.1
TOTAL – A. Singels-Ludvik		**22.0 hrs.**

J. Ip

		Hrs.
Dec 3	Assist with drafting of CIM; discussions and emails with potential bidders, and discussions with J. Nevsky on same.	4.2
Dec 4	Discussions and emails with potential bidders, and discussions with J. Nevsky on same; review documents and upload same to VDR.	3.5
Dec 5	Review inventory detail and prepare summary schedule; review documents and upload same to VDR; discussions with J. Nevsky regarding the Sales Process and potential bidders; discussions and emails with potential bidders.	4.8
Dec 6	Discussions and emails with potential bidders, and discussions with J. Nevsky on same.	2.5
Dec 7	Discussions and emails with potential bidders, and discussions with J. Nevsky on same; prepare update deck for RBC on the status of the Sales Process.	4.2
TOTAL – J. Ip		**19.2 hrs.**

Abbotsford

A. Tillman

		Hrs.
Nov 22 *	Receivership planning matters; review initial work plan/task list; review other background information.	1.5
Nov 23 *	Receivership planning matters; teleconference with A&B and MLT regarding the draft Receivership Order; further review the draft Receivership Order and email comments on same.	2.8
Nov 26	Travel to Abbotsford locations and conduct town hall meetings with employees; meeting with former personnel regarding security and access, customers and employee matters; internal discussions and emails on Day 1 receivership matters.	8.5

DME Limited Partnership – 818344
DETAILED SUMMARY – November 26 to December 8, 2018

Nov 27	Meet with [redacted] and former management regarding status and receivership planning; tour all Abbotsford locations; meet with [redacted] on landlord matters and litigation with DME; respond to customer, creditor and potential bidder, inquiries; call with Fasken regarding the [redacted] litigation.	9.0
Nov 28	Internal planning meeting; review project status and related calls with customers; discussions and emails with landlords, customers and creditors claiming 30-day goods; attend to insurance matters; internal discussions on open receivership matters.	8.5
Nov 29	Attend to insurance matters; review WIP and internal meeting on same; respond to customer inquiries; attend to the engagement of Maynards.	6.0
Nov 30	Call with former personnel regarding WIP and production analyses; respond to customer and creditor inquiries; review WIP.	5.0
Dec 3	Review the draft CIM; internal planning calls on WIP; review legal correspondence regarding release and sale documents; review project status and related calls with customers; review severance and WEPP claim schedule.	4.0
Dec 4	Draft Asset Parcel Information Package ("APIP"); internal planning calls on WIP sales; calls with [redacted] regarding WIP purchase; review related correspondence; review draft PPSA notice; attend to internal email correspondence.	5.5
Dec 5	Further draft the APIP and coordinate compilation of information for lots; call with [redacted] counsel regarding WIP status; review creditor correspondence and lists; attend to cash flow forecast; calls with liquidators; attend to internal email correspondence.	3.8
Dec 6	Review and revise the APIP; review customer billing status; internal planning regarding APIP approach and parcel support; call with Labatt on various orders and site visit; email correspondence regarding same.	3.8
Dec 7	Attend to various customer correspondence and WIP sales matters; internal meeting and call regarding same; call with Cox & Palmer regarding the draft APIP.	3.0

TOTAL – A. Tillman **61.4 hrs.**

** Time not previously billed*

DME Limited Partnership – 818344
DETAILED SUMMARY – November 26 to December 8, 2018

V. Chan		**Hrs.**
Nov 27	Review current projects work-in-progress; attend to general administrative matters; draft task and term employment letters; review payroll information and group termination regulations; attend to statutory PPSA notices; attend to fixed asset and capital asset matters.	8.0
Nov 28	Finalize task and term employment letters and discussion with contractors regarding same; internal discussion regarding projects work-in-progress; respond to customer and creditor inquiries; discussion with [redacted] on projects work-in progress and review analysis of same; coordinate appraisals; discussion with insurance broker.	8.0
Nov 29	Attend to insurance matters; review and analysis of work-in-progress and other scheduled projects; discussions with customers and suppliers regarding unpaid goods; attend to third-party property and 30-day goods matters; request and review AR relating to projects; coordinate site visits for appraiser.	8.0
Nov 30	Telephone call with [redacted] and [redacted] on projects work-in-progress; attend to insurance matters; follow-up on vehicles and other fixed assets; discussions with customers interested in purchasing equipment; respond to inquiries from potential bidders in the Sales Process; review and analysis of projects work-in-progress; attend to payroll matters; coordinate appraiser site visits.	8.0
Dec 3	Attend to general administrative matters; follow-up on 30-day goods claims and meet with suppliers; analysis and discussions with customers regarding project status and outstanding AR; review and analysis of projects work-in-progress; attend to payroll matters; attend to WEPP matters.	9.0
Dec 4	Attend to final payroll matters; discussions with [redacted] on AR and sales tax matters; discussions with [redacted] regarding projects work-in-progress and review and analysis of same; review outstanding electrical work and coordinate inventory staff; meet with [redacted] on-site regarding work-in-progress tanks; coordinate with appraiser staff; discussions with customers on their projects.	9.0
Dec 5	Discussions with legal counsel to customers regarding the status of work-in-progress and next steps; review PPSA advertisement; review and analysis of projects work-in-progress; attend to inventory matters.	8.0

DME Limited Partnership – 818344
DETAILED SUMMARY – November 26 to December 8, 2018

Dec 6	Discussion with a customer regarding their project, review related sales contract – assess status and preliminary valuations; draft Bills of Sale and Final Releases; review contractor invoices and send for payment; follow-up with information for a customer.	3.0
Dec 7	Review and update project status for VDR; discussions with customers and/or their legal counsel regarding their projects and review related sales contracts, status and preliminary valuations; follow-up on in-progress builds; discussion with [redacted] on sales taxes; follow-up on deficiencies related to completed projects; draft Bills of Sale and Final Releases for three customers.	4.0
TOTAL – V. Chan		**65.0 hrs.**

M. Lee		**Hrs.**
Nov 26	Attend employee meeting; respond to employee inquiries on employment matters and receivership proceedings; discussion with payroll coordinator on employee lists; discussion with IT personnel on computer inventory and indexing; secure company credit cards; oversee retrieval of employee tools; call with [redacted] on the reclamation of property; call with security companies for changing locks and alarm codes and coordination of same.	8.0
Nov 27	Respond to employee inquiries; discussion with [redacted] on employee lists and data parameters; discussion with IT personnel on computer inventory and indexing; oversee retrieval of employee tools; secure company credit cards; review former employee staff rates for task and term agreements; respond to creditor inquiries; meeting with landlord at Simpson Road office; draft Form 75 – Reclamation of Property and Form 74 – Property Proof of Claim and correspondence with suppliers regarding same; compile and review facility leases.	8.0
Nov 28	Draft correspondence and notify landlords of receivership; discussions with landlords regarding the receivership proceedings; attend to creditor correspondence; attend to correspondence with [redacted] on various employee matters including WEPP, stub period payments, etc.; review employee list; prepare lease schedule.	5.5
Nov 29	Review employee list and attend to clarifications on same; respond to creditor inquiries; finalize lease schedule; oversee retrieval of employee tools; attend to correspondence with suppliers on 30-day goods claims.	4.0

DME Limited Partnership – 818344
DETAILED SUMMARY – November 26 to December 8, 2018

Nov 30	Respond to customer, supplier and employee inquiries; attend to correspondence on computer listing; draft WEPP instruction letter; correspondence with payroll administrator on employee lists; prepare draft analysis of BC employee claims; respond to inquiries from potential bidders.	8.0
Dec 3	Discussions with landlords on December rents and internal emails on same; review employee list and obtain clarifications on same; attend to correspondence with suppliers and creditors regarding 30-day goods; respond to creditor enquiries.	7.0
Dec 4	Respond to creditor enquiries; attend to correspondence with lessors and suppliers regarding leased equipment and 30-days goods claims; call with Service Canada on WEPP matters; correspondence with [redacted] on payroll submissions and employee list data and seek clarifications on same; correspondence regarding the return of a vehicle; prepare draft PPSA newspaper notice and coordinate publication; review employee lists from [redacted] correspondence with landlords regarding December rents.	4.5
Dec 5	Respond to creditor enquiries; emails with [redacted]s on employee list clarifications and data parameters; respond to landlord rent inquiry; call with [redacted] on payroll entries and identification of books and records for destruction and storage; emails with Clearway Rentals on return of vehicle; internal discussion on inventory listings.	4.0
Dec 6	Respond to former employees regarding WEPP and other matters; respond to potential bidders and potential tenants; review employee list and draft correspondence to [redacted] regarding same; call with former employee on leased vehicle; review utilities vendor list and draft correspondence regarding same; review computer listing and internal discussion on same; review contractor invoices.	3.5
Dec 7	Respond to employee inquiries; call with [redacted] regarding employee list clarifications and WEPP matters; respond to supplier inquiries; call with Trojan Alloys on interest in scrap metal; emails with potential Progressive Way tenant on interest in purchasing furniture assets; contact lessors regarding equipment leases; review contractor invoices.	3.5

TOTAL – M. Lee **56.0 hrs.**

Alvarez & Marsal Canada Inc.
Licensed Insolvency Trustees
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

January 7, 2019

Royal Bank of Canada
222 Bay Street, 24th Floor
Toronto, Ontario M5K 1G8

Attention: Mr. Gary Ivany, Senior Director, Group Risk Management

DME LIMITED PARTNERSHIP, ET AL
RE: INVOICE #2 – 818344A and 818344B

For professional services rendered in our capacity as Court-appointed Receiver pursuant to the Receivership Order dated November 26, 2018, for the period December 9 to 22, 2018.

BILLING SUMMARY

	Hours	Rate	Total
Charlottetown/Head Office			
A. Hutchens, Senior Vice-President	14.6	$860	$12,556.00
J. Nevsky, Senior Director	92.1	$645	59,404.50
R. Gruneir, Senior Associate	100.3	$450	45,135.00
A. Singels-Ludvik, Associate	21.5	$325	6,987.50
J.L. Ip, Analyst	32.7	$325	10,627.50
	261.2		$134,710.50
Abbotsford			
A. Tillman, Senior Vice-President	21.1	$750	$15,825.00
V. Chan, Director	73.0	$465	33,945.00
M. Lee, Senior Associate	48.3	$375	18,112.50
M. Cheung, Administrator	14.4	$175	2,520.00
	156.8		$70,402.50
	418.0		$205,113.00

Voluntarily reduced to:	$188,210.50
Add: Out of pocket expenses, including airfare, hotels and meals	5,529.72
	$193,740.22
Add: HST @ 13%	25,186.23
TOTAL INVOICE	**$218,926.45**

Mailing Instructions:
Alvarez & Marsal Canada Inc.
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank:	TD Canada Trust
Account Name:	Alvarez & Marsal Canada ULC
Swiftcode:	TDOMCATTTOR
Bank Address:	55 King Street West Toronto, ON
Bank Transit #:	10202
Institution #:	0004
Account #:	5519970
Reference #:	DME Limited (818344A/B) – Inv. #2
HST#:	83158 2127 RT0001

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Dec 9 to 22 2018

Charlottetown/Head Office

A. Hutchens		**Hrs.**
Dec 10	Internal discussions and emails on open receivership matters; respond to and/or route customer and prospective purchaser inquiries; teleconference with Cox & Palmer on open receivership matters; review and finalize ADP re-enrollment forms.	2.3
Dec 11	Internal discussions and emails on open receivership matters; respond to and/or route customer inquiries.	1.5
Dec 12	Internal discussions and emails on open receivership matters.	0.7
Dec 13	Internal discussions and emails on open receivership matters; review the draft liquidation analysis and internal emails on same.	1.8
Dec 14	Review iterations of the draft liquidation analysis and internal discussions/emails on same; respond to and/or route customer and creditor inquiries.	2.0
Dec 17	Internal discussions and emails on open receivership matters; review the memorandum prepared by Cox & Palmer to summarize the litigation/arbitration related to the NSI acquisition; teleconference with Cox & Palmer on the Loris location, Sales Process and supplier matters.	1.3
Dec 18	Teleconference with RBC, Aird & Berlis and Cox & Palmer on the NSI litigation/arbitration; internal discussions and emails on open receivership matters; review the WEPP analysis and draft notice to former employees; review and revise the draft process letter for the Sale Process.	2.2
Dec 19	Internal discussions and emails on open receivership matters and the Sales Process; internal emails on the WEPP analysis and draft notice to former employees; review and respond to correspondence from Livingston regarding held goods-in-transit and emails with Cox & Palmer on same.	1.5
Dec 20	Review the revised draft process letter for the Sale Process and internal discussion on same; internal discussions and emails on open receivership matters; review the draft form of three-party Escrow Agreement to facilitate completion of components held [redacted] in China	1.3
TOTAL – A. Hutchens		**14.6 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Dec 9 to 22 2018

J. Nevsky		**Hrs.**
Dec 10	Meeting with the landlord regarding obtaining access to the 22 McCarville location; discussions with potential bidders regarding the Sales Process and diligence matters; finalize the escrow agreement with [redacted]ds; discussions with A. Hutchens and P. Williams regarding [redacted], [redacted] production agreement and outstanding litigation; discussions with R. Jones and R. Gruneir regarding payroll matters; discussions with a potential bidder regarding ASM; email correspondence with A. Tilman and V. Chan regarding Abbotsford and the sale of finished goods; discussion with [redacted]e to open new account and arrange delivery of oil; discussions with [redacted]g and [redacted] regarding ongoing projects and production schedule and related correspondence with customers and their legal counsel; discussions with J. Ip regarding the Sales Process data room; discussion with AESI regarding production agreement and payment of outstanding accounts; review of marked-up confidentiality agreements from prospective bidders.	8.6
Dec 11	Meeting with representative of the landlord of the [redacted] location to obtain access and facility site walk through with [redacted]. [redacted]n; respond to customer, vendor and other stakeholder inquiries; finalize customer escrow agreement with P. Williams and customer and coordinate pick-up of product; discussions with R. Gruneir and D. Green regarding options to re-engage with [redacted] subcontractor; discussions and emails to respond to Sales Process diligence questions and coordinate meetings with former members of DME's management; respond to customer inquiry regarding sale of stock tanks and miscellaneous parts; discussions with A. Singels-Ludvik on banking matters and deposit cheques at bank; discussions with representatives of [redacted]on invoicing matters and disputed items; review of marketing materials and data room prior to delivery to potential bidder of NSI; discussions with RBC on receivership matters/status of proceedings; attend at the ASM site with a potential bidder; review of fabrication and employee count schedules with the manufacturing team.	8.2

Dec 12	Multiple diligence meetings with [redacted] and potential bidders regarding both DME and ASM; finalize and execute AESI manufacturing agreement with P. Williams and representatives of AESI; meeting with [redacted] (DME) regarding operating certifications and to organize a meeting with U.S. governing body (ASME); respond to emails and voice messages from customers and other stakeholders regarding outstanding deliveries and account balances; review of pre-filing wages and accrued vacation with R. Jones; follow-up emails with potential bidders; discussion with R. Gruneir and P. Williams regarding [redacted] subcontractor matters; email correspondence with V. Chan on finalizing deliveries and collection of accounts; discussions with R. Gruneir on project status summary and preparation of liquidation summary.	8.6
Dec 13	Discussions with prospective bidders on diligence and organizing management presentations; diligence meeting with [redacted] and a potential bidder; meeting with potential bidder for ASM to discuss diligence items and next steps; discussions with J. Ip regarding contact list and diligence requests for the Sales Process; discussion with A. Hutchens regarding the draft liquidation analysis, [redacted] subcontractor agreement and other receivership matters; discussion with P. Williams on Sales Process matters and draft purchase agreements, th[redacted] based subcontractor and certain litigation matters; finalize pre-filing wages and accrued vacation pay schedule with [redacted] and discussions with A. Singels-Ludvik regarding same; review of invoices and coordinate processing payments with A. Singels-Ludvik; discussion with V. Chan and J. Ip to schedule site visits with liquidators; review of confidentiality agreement and discussion with a potential bidder regarding same; review and update the draft liquidation analysis.	10.6
Dec 14	Review marked-up non-disclosure agreements and respond to potential bidders regarding same; meeting with [redacted] on a fabrication and plant overview presentation; review of weekly AESI invoices and discussions with [redacted] regarding same; discussions with [redacted] and [redacted] to plan for management presentations and plant tours; discussion with A. Hutchens on the draft liquidation analysis and review/revise same; respond to inquiries from customers on outstanding deposits and undelivered product; discussions with potential lenders regarding status of the Sales Process; discussions with potential lenders regarding the Sales Process and financing alternatives; finalize the liquidation analysis.	7.5

Dec 15	Emails with P. Williams regarding NSI transaction arbitration and related escrow balance, review of Loris property considerations, China contractor communications and other matters; review of ASM receivable listing and collections-to date and discussions with J. Ip regarding same; correspondence with [redacted] on the Sales Process and diligence inquiries regarding certain equipment and manufacturing processes; correspondence with potential bidders in Sales Process.	2.5
Dec 16	Review of project status summary and correspondence with customers regarding status of systems; emails with a liquidation group to schedule site visits; discussions with R. Gruneir regarding communications and strategy with [redacted] manufacturing subcontractor; draft of Sales Process Bid Instruction Letter; review Sales Process tracker with J. Ip and draft update email to RBC and working group.	1.8
Dec 17	Review of production schedule and executed release forms and discussions with [redacted] and [redacted] regarding expected payments and deliveries for the week; review of Advanced Extraction invoices and draft email to deliver invoices to customer; attend management meeting at DME premises group representing a potential purchaser; discussions and emails with potential bidders regarding diligence inquiries; discussion with [redacted] and [redacted] regarding production/deliveries during the holiday break and review of proposed employee schedule during that period; financial diligence call with [redacted] and potential bidder; review of customer account and discussion with [redacted] regarding proposed change orders; discussions and emails with P. Williams on the preparation of a draft asset purchase agreement for ASM; discussions with A. Hutchens and RBC regarding the draft liquidation analysis and update on the Sales Process; review of draft memorandum from Cox & Palmer regarding the NSI acquisition arbitration; further meetings at DME premises with potential bidder.	10.4

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Dec 9 to 22 2018

Dec 18	Telephone call with customer regarding final payment and release of equipment; meeting at DME premises with representatives of potential bidder; discussion with potential ABL lender regarding the Sales Process and diligence questions; correspondence with potential bidders regarding scheduling management meetings/calls and diligence inquiries; discussion with a customer regarding escrow agreement and delivery arrangement for equipment; telephone meeting with legal counsel to a customer regarding delivery of equipment and arrangements with subcontractor i[redacted]; discussion with P. Williams on open receivership matters; review of ASM customer invoices and discussion with customer to arrange payment and organize pick-up of equipment; attend diligence meeting with R. Gruneir and potential purchaser; meeting with [redacted] and [redacted] regarding production/delivery plan and review of customer accounts and release forms; discussion with [redacted] and a representative from [redacted] regarding status of receivables and production of systems; teleconference with [redacted] and P. Williams on the Sales Process and process letter, and update draft letter accordingly; respond to numerous diligence inquiries from potential bidders and lenders participating in the Sales Process.	8.5
Dec 19	Review of correspondence from legal counsel to [redacted] regarding the status of pre-receivership shipments and lien assertions, and discussions with A. Hutchens and P. Williams regarding same; correspondence with customer regarding status of delivery, scheduling of installation contractor and release of escrow funds; review of cash flow forecast with R. Gruneir; meeting with [redacted] of DME regarding ASME certification and correspondence with governing body; meeting with representatives of [redacted] regarding production schedule and status of payments; attend management meetings at DME premises with representative of potential purchaser group; discussions with P. Williams regarding communications with [redacted] manufacturing subcontractor and escrow agreement; correspondence with potential purchasers regarding the Sales Process and diligence inquiries; discussion with a customer regarding status of delivery and payment to Receiver's account; review status of [redacted] projects with [redacted] and [redacted] and correspondence with customer regarding same; discussions with potential bidder, ABL Lender and [redacted] regarding the Sales Process and open diligence matters; discussions with P. Williams regarding ASM draft APA.	9.2

Dec 20	Draft letter to governing body of ASME regarding the Sales Process and ongoing operations; review of customer account and change orders with [redacted] discussions with customer regarding same; emails with potential purchasers regarding diligence inquiries; town hall meeting with current DME staff regarding status of receivership, Sales Process and plan for January 2019, and answer numerous questions on same; review and update Final Bid Instruction Letter; review of production schedule with [redacted] and [redacted]; discussions with P. Williams regarding escrow agreement and related negotiations with subcontractor; meeting with representatives of [redacted] regarding ASME certification; discussions with potential bidder for ASM to schedule site visit and review draft APA; review of accounts receivable detail and reconciliation of collections with R. Gruneir; discussions with J. Ip regarding diligence matters and population of virtual data room.	8.6
Dec 21	Meeting with potential bidder for ASM for site visit and review of equipment/inventory; delivery of Final Bid Instruction Letter to potential bidders on the DME business and discussions with various parties regarding the Sales Process and expectations on January 7 bid date; review of virtual data room and discussions with J. Ip regarding same; correspondence with installation subcontractor to schedule customer site visit; discussions with A. Tillman regarding open receivership matters and status of liquidation bids; review of DME sales projection and financial forecast for 2019 and discussions with R. Gruneir and [redacted] regarding same; diligence discussions with [redacted] and representatives of a potential bidder; review of project status summary and January production schedule with [redacted] and [redacted]; teleconference with [redacted] and potential purchaser regarding financial diligence inquiries.	7.6

TOTAL – J. Nevsky **92.1 hrs.**

R. Grunier		**Hrs.**
Dec 9	Update Form 75 – Demand for Repossession schedule to incorporate BIA section guidelines; draft and send email to [redacted] to complete schedule.	0.6

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Dec 9 to 22 2018

Dec 10	Review and respond to numerous customer and creditor emails; calls with several creditors to provide update on receivership; correspondence with ADP to set-up go-forward payroll; meet with customer to sign bill of sale for equipment; meet with [redacted] and [redacted] to discuss requirements for sale and pick-up; draft and send emails re: same; draft and send emails to A. Hutchens to review and sign required ADP documents; review cash receipts tracker provided by RBC; review of supplier consignment agreement and discussions re: same; review and complete required documentation for HST and provide to A. Singels-Ludvik to submit to CRA.	8.1
Dec 11	Prepare schedule outlining vacation payout and provide to [redacted] and J. Nevsky for discussion and review; call with [redacted] and [redacted] to discuss proposed go-forward plan and strategy; discussions with J. Nevsky regarding same; discussions with A. Singels-Ludvik regarding customer wire payment; oversee equipment pick-up to ensure all appropriate documentation prepared and product delivered to customer; discussions with J. Nevsky regarding same; calls with ADP to obtain status update for payroll set-up; discussions with [redacted]: same; respond to emails from creditors; prepare equipment schedule with photos and descriptions, and provide to [redacted] for review; review of project analysis schedule and emails to clarify aspects of same.	10.8
Dec 12	Teleconferences with ADP regarding go-forward payroll on new Teampay system; prepare equipment listing for Loris location and provide to J. Nevsky and [redacted] for review; finalize additional vacation pay schedule and provide to J. Nevsky for review; review bank activity to actualize w/e December 7th receipts and disbursements; review consignment agreement with [redacted] and email to [redacted] regarding same; review R&D prepared by A. Singels-Ludvik and update actualized weekly cash flow forecast to reconcile and align; meeting with [redacted] to review project analysis; discussions with [redacted] regarding past and future sales and processes; respond to numerous emails sent to the general receiver account; review project analysis with J. Nevsky and update based on his comments.	10.5

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Dec 9 to 22 2018

Dec 13	Meeting with [redacted] and [redacted] to discuss project analysis and update materials cost based on in-stock inventory; review email received from [redacted] subcontractor and emails with [redacted] on same; correspondence with A&M Abbotsford team to discuss several matters; review and respond to numerous emails and voicemails from customers and creditors; meet with customer to finalize sale and discussions with [redacted] and [redacted] on same; emails with ADP regarding go-forward payroll requirements; calls with ADP regarding same; review liquidation analysis and add AR collected to-date and anticipated future collections from WIP; review updated project analysis provided by [redacted] and finalize; meet with J. Nevsky to finalize project and liquidation analyses.	11.3
Dec 14	Discussions with [redacted] on payroll matters; review emails and voicemails and respond accordingly; meeting with [redacted] on accounting entries throughout a project life cycle; discussions regarding AR to determine if there are any additional collections; email to [redacted] to provide update on payroll; update cash flow forecast to incorporate updated assumptions on receipts and disbursements; review several emails and voicemails and respond accordingly; call with supplier to advise of Form 75 status; call with [redacted] to discuss go-forward materials arrangements; several calls and emails regarding payroll; correspondence with several customers regarding project status; discussions with A&M Abbotsford team regarding demands for repossession of goods.	7.4
Dec 15	Finalize cash flow forecast for internal review.	1.2
Dec 16	Correspondence with J. Nevsky regarding status of negotiations with China based subcontractor and emails with [redacted] on same; respond to creditor inquiries.	0.6
Dec 17	Respond to customer and creditor inquiries; discussions with [redacted] regarding several projects; management meeting with prospective bidder; discuss form 75 schedule with [redacted]; call with [redacted] of Eastlink to advise of receivership appointment and continuation of services; correspondence with F. MacInnis regarding ASM; review email sent by [redacted] management and discussions with [redacted] regarding same; respond to diligence inquiries from prospective bidders; discussions with [redacted] and [redacted] regarding funding requirements; emails with A. Singels-Ludvik to outline funding requirements; draft independent contract letters for ASM employees.	9.4

Dec 18	Meet with [redacted] at ASM to review work to be completed; meet with liquidator at ASM to review assets; emails with A. Singels-Ludvik regarding payroll funding; review fixed asset schedule prepared by [redacted] and begin preparation of pro-forma financial model; discussions with A. Hutchens and J. Nevsky regarding cash receipt forecast; teleconference with customer regarding status of equipment; meetings with [redacted] to discuss pro-forma model requirement; actualize cash flow forecast for the w/e Dec 14 and provide to A. Hutchens for review; meet [redacted] at ASM to review progress on completed work.	10.2
Dec 19	Review emails on numerous receivership matters and respond accordingly; meeting with J. Nevsky to discuss cash receipts; emails with A. Singels-Ludvik regarding funding payroll; emails with A. Hutchens regarding various payroll related matters; updates to cash flow forecast based on J. Nevsky's comments; review sales forecast prepared by [redacted]; include sales forecast in pro-forma model and update appropriately; discussions with V. Chan regarding NSI cash receipts; review accrued vacation matters and discussions with R. Jones on same; continue working on pro-forma model for prospective bidder diligence.	10.1
Dec 20	Review emails regarding various receivership matters and respond accordingly; attend at ASM premises and meet with [redacted]; correspondence with terminated employees regarding accrued vacation; continue to prepare pro-forma financial model for VDR and meetings with [redacted] on same; review model with J. Nevsky and update accordingly.	9.7
Dec 21	Obtain copy of D&O policy and provide to A. Hutchens; correspondence with vendor regarding consignment inventory; meet with customer regarding equipment; draft a bill of sale; finalize cash flow forecast and provide copy of cash receipts for [redacted] review; review payroll register for Monday's payroll funding; update same; review correspondence with [redacted] based subcontractor and provide response; finalize pro-forma financial model for VDR and meet with J. Nevsky to input final comments.	9.0
Dec 22	Discussions and emails with J. Ip to coordinate uploading of information to the VDR; respond to customer and creditor inquiries.	1.4
TOTAL – R. Gruneir		**100.3 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Dec 9 to 22 2018

A. Singels-Ludvik		**Hrs.**
Dec 10	Respond to R. Gruneir on a number of CRA and ADP matters; review emails regarding payments and organize same; telephone calls to RBC to confirm incoming receipts and confirm transfer of funds from Company accounts to Receiver's accounts.	1.6
Dec 11	Process invoices for payment; prepare wire transfer forms and fax to RBC for processing; follow-up confirmation calls from RBC regarding same; update Schedule of Receipts and Disbursements ("R&D"); internal emails on the R&D and banking matters.	3.8
Dec 12	Request bank activity from RBC; prepare bank reconciliation to-date; internal emails on R&D matters; update R&D for receipts and review emails with support for same.	2.6
Dec 13	Internal emails on R&D matters; prepare wire transfer forms to pay invoices and fax same to RBC; follow-up confirmation calls from RBC; update R&D; telephone call to RBC to confirm incoming receipts.	2.2
Dec 14	Emails with RBC regarding bank account activity; update bank reconciliation to-date; review emails from R. Gruneir regarding payroll and process payroll cheques; update R&D; telephone call to RBC to confirm incoming receipts.	5.2
Dec 17	Internal emails regarding payments required; process invoices for payment and update R&D.	1.2
Dec 18	Internal emails regarding payments required and deposit back-up; process invoices for payment and update R&D; email to M. Cheung regarding deposit procedures.	1.3
Dec 19	Review internal emails regarding payments required and funding of payroll to ADP; process invoices for payment; prepare wire transfer form to ADP and fax to RBC for processing; update R&D.	1.2
Dec 20	Request bank account activity from RBC; update bank reconciliations to-date; internal emails on R&D matters; update R&D.	1.1
Dec 21	Request bank account activity from RBC; update bank reconciliations to-date; internal emails on R&D matters; calls with RBC to confirm incoming receipts; update R&D; organize R&D files and discussions with A. Hutchens on banking matters.	1.3

TOTAL – A. Singels-Ludvik **21.5 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Dec 9 to 22 2018

J. Ip		**Hrs.**
Dec 10	Discussions and emails with potential bidders in Sales Process; discussions with J. Nevsky regarding Sale Process and status of potential bidders; review of inventory and equipment documents and upload same to the VDR.	4.0
Dec 11	Emails with potential bidders in Sales Process and discussions with J. Nevsky regarding same; review of asset documents and upload same to the VDR.	1.8
Dec 12	Review account receivable detail and prepare summary schedule of same; review of inventory documents and upload same to the VDR; discussions emails with prospective bidders; discussions with J. Nevsky regarding same; schedule site visits and management meetings.	4.5
Dec 13	Discussions and emails with potential bidders in Sales Process and discussions with J. Nevsky regarding same; review documents and upload same to the VDR.	3.3
Dec 14	Discussions and emails with potential bidders in Sales Process and discussions with J. Nevsky regarding same; prepare Sale Process update deck.	2.0
Dec 17	Discussions and emails with potential bidders in Sales Process and discussions with J. Nevsky regarding same; follow-up with potential bidders on site visits and management meetings.	3.8
Dec 18	Discussions and emails with potential bidders in Sales Process and discussions with J. Nevsky regarding same.	2.2
Dec 19	Attend at Hillstrom location to meet with and discuss Sales Process with potential bidder; discussions and emails with companies with outstanding AR, and discussions with R. Gruneir on same; discussions and emails with potential bidders in Sales Process and discussions with J. Nevsky regarding same; upload lease documents to the VDR.	5.0
Dec 20	Attend at Hillstrom location to meet with and discuss Sales Process with potential bidders, supervise location walk-through with same; discussions and emails with potential bidders; discussions with utilities providers and set-up new accounts with same; prepare schedule of leased assets.	4.3

Dec 21	Discussion and emails with utility provider; distribution of Final Bid Process Letter to bidders; discussions and emails with prospective bidders.	1.8

TOTAL – J. Ip **32.7 hrs.**

Abbotsford

A. Tillman		**Hrs.**
Dec 10	Attend call with Central City re: WIP sale and status; attend to various customer correspondence and WIP sales matters; internal calls re: customer accounts; review parcel listings and seek updates; review [redacted] contract correspondence and settlement offer; call with [redacted] re: same.	2.8
Dec 11	Attend call with [redacted] re: account collection and WIP sale; prepare summary email to [redacted]; review legal comments on APIP; attend to document revisions; internal call re: Sales Process; review potential bidder updates; attend to various to various customer correspondence and WIP sales matters.	4.8
Dec 12	Finalize the APIP; review asset listings; attend to customer correspondence and WIP sales matters.	1.8
Dec 13	Attend to emails re: site budget and WIP.	0.2
Dec 14	Attend to customer legal correspondence re: [redacted] review [redacted] bill of sale and project status; respond to sale inquiries; internal discussions re: WIP matters.	2.4
Dec 17	Review WEPP calculations and correspondence; respond to sale inquiries; internal discussions re: WIP matters; attend to customer WIP correspondence.	1.5
Dec 18	Attend to sale inquiries; internal discussions re: WIP matters and site access; attend to customer WIP correspondence.	1.4
Dec 19	Review draft equipment appraisal; review draft affidavit re: Oshlag; review Sale Process status; call with [redacted] re: APIP and site visit; update WEPP letter; review WEPP analysis.	1.9
Dec 20	Attend at MLT's offices to finalize the Oshlag affidavit for service; attend to customer matters; internal meeting re: customer matters.	1.8

Dec 21	Review bills of sale; respond to customer inquiries; attend to site matters and visits; call with site re: 10 barrel and liquidator visits; review revised WEPP schedule.	2.5

TOTAL – A. Tillman **21.1 hrs.**

V. Chan		**Hrs.**
Dec 10	Calls with customers to discuss work-in-progress and next steps; review projects and reductions requested by customers and discuss same with [redacted] and [redacted]g; arrange site visits for Sales Process; coordinate inventory count and fixed asset lists for data site; attend to payroll matters; finalize bill of sale and releases with customers and discussions with [redacted]y regarding same; review outstanding AR and change orders with [redacted]n and [redacted]; attend to 30 day goods and reclamation of property claims.	8.0
Dec 11	Phone calls with customers to discuss work-in-progress and next steps; coordinate and oversee site visits for the Sales Process; call with [redacted] regarding technical drawings for a number of projects; finalize fixed asset and inventory listings for data site; analysis of projects and outstanding work; discussions with [redacted] and [redacted] regarding status of projects; finalize bill or sale and releases with customers; follow-ip with engineering drawings for certain projects; attend to payroll matters; attend to 30-day goods and reclamation of property claims; review Maynards preliminary inventory listing.	9.0
Dec 12	Follow-up on work-in-progress with staff and customers; finalize APIP for data site; attend to landlord matters; finalize inventory listings for data site; finalize bill of sale and releases with customers and legal counsel; call with customer regarding vesting order and discussion with [redacted]y regarding same; arrange site visits by customers; attend to 30-day goods and reclamation of property claims; follow-up on customer payments; discussions with parties interested in Sales Process; follow-up with liquidators; review outstanding AR for collection.	9.0

Dec 13	Attend to 30-day goods and reclamation of property claims; attend to payment matters; coordinate site visits for customers and interested parties for Sales Process; follow-up on various projects and status; attend to Sales Process matters; coordinate shipping of components for project in PEI; prepare cash flow estimate on recovery of work-in-progress; consider sale of IT equipment and protection of data; attend to continuing utilities and invoice payments; finalize bills of sale and releases with customers; review technical drawings available for customer projects.	9.0
Dec 14	Update analysis of work-in-progress; review sales tax regulations; coordinate site visits for Sales Process; finalize bill of sale and releases and discussion with customers and legal counsel regarding same; respond to inquiries regarding Sales Process.	8.0
Dec 17	Coordinate site visits for Sale Process and for customers to view or schedule pick-up of work-in-progress equipment; meeting with customer regarding drawing and CRN documentation and next steps for purchase, and discussion with legal counsel on same; attend to IT and utility related matters; attend to 30-day goods and reclamation of property claims; coordinate shipping of project to Charlottetown; set-up accounting information for payment; review of payment information sent by customer.	8.0
Dec 18	Meet with customers to discuss and view work-in-progress; attend to IT matters; prepare accounting information for payment; respond to Sales Process inquiries and related matters; finalize bill of sale and releases with customers; attend to 30-day goods and reclamation of property claims; coordinate site visits for Sales Process and for customers to view or schedule pick-up of equipment.	8.0
Dec 19	Attend to collection and accounting matters; respond to Sales Process inquiries and related matters; coordinate site visits for Sales Process and for customers to view or schedule pick-up of equipment; attend to IT matters; finalize bill of sale and release for sale of equipment; attend to WIP for projects in Charlottetown; analysis of work-in progress for preliminary valuations.	9.0

Dec 20	Discussion with customers and legal counsel regarding work-in-progress and next steps; follow-up on status of equipment shipped to Miami; respond to suppliers requesting release on unpaid goods ordered by DME/NSI; finalize bill of sale and releases and related payments for various customers; follow-up on customer account that has been unresponsive regarding work-in-progress; attend to Sales Process matters; review landlord request regarding assignment of lease.	5.0

TOTAL – V. Chan **73.0 hrs.**

M. Lee		**Hrs.**
Dec 10	Respond to inquiries from former employees regarding ROEs, WEPP and T4s; attend to correspondence with suppliers and lessors regarding 30-day goods and reclamation of property claims; review inventory listing and discussions with [redacted] re same; coordinate inventory of fixed assets; attend to correspondence with [redacted] on books and records storage; review computer listing; attend to correspondence with Service Canada on WEPP; attend to correspondence regarding Family Maintenance garnishee of former employee.	6.0
Dec 11	Review equipment listing and correspondence regarding same; attend to correspondence regarding shop supplies inventory; review contractor invoice; attend call with [redacted] regarding project status; correspondence with lessor re forklifts; attend to books and records matters; attend to former employee matters and correspondence with former employees on WEPP, ROEs and T4s.	3.0
Dec 12	Review and finalize equipment and shop supplies listings for data room; attend to banking matters; respond to creditor inquiries including former employees seeking clarifications on T4s and WEPP; attend to correspondence with [redacted] Security on security matters; attend to 30-day goods matters; attend to landlord inquiries; review utilities and seek clarifications on same; respond to lessors regarding equipment.	5.5
Dec 13	Review and analysis of additional employee data and call with [redacted] on same; respond to creditor enquiries; telephone call with supplier on 30-day goods matters and review documentation for same; respond to South Fraser Way landlord regarding site visits; seek clarifications on various internet, security and phone usages; calls with utility providers and send information regarding receivership and account changes.	6.0

Dec 14	Prepare draft WEPP analysis, letter and proof of claim and attend to correspondence on same; attend to 30-day goods matters; correspondence to utility vendors and seek clarifications for same; respond to customers; respond to RCAP Leasing for release of photocopier.	5.3
Dec 17	Attend to correspondence with party interested in Progressive Way furniture; respond to creditor inquiries and employee matters; attend to WEPP claims and letter revisions; attend to 30-day goods matters.	2.5
Dec 18	Revise WEPP notices; respond to creditor inquiries; review W8 form requested by customer; correspondence with landlords on rent.	3.0
Dec 19	Review and revise WEPP claims packages; coordinate redirection of mail; attend to utilities matters and correspondence on same; respond to creditor inquiries.	7.5
Dec 20	Coordinate and oversee mailing of WEPP claims packages; review additional employee data and correspondence with R. Jones on same; further revise the WEPP claims analysis; respond to former employees regarding WEPP.	3.0
Dec 21	Submit WEPPA Trustee information forms; review and preparation of WEPP claims for additional employees and mail same; correspondence with landlord on furniture and rent; correspondence with former employees regarding WEPP, T4s and ROEs; respond to Simson Road landlord regarding assignment of lease; respond to creditor enquiries; review invoices for payment.	6.5

TOTAL – M. Lee **48.3 hrs.**

M. Cheung		**Hrs.**
Dec 11	Draft equipment listing; revise the APIP.	1.3
Dec 12	Revise the APIP Sales Package.	0.3
Dec 14	Deposit cheque at RBC.	0.3
Dec 17	Deposit cheques at RBC; arrange for courier shipments from Abbotsford to Charlottetown.	1.0
Dec 18	Prepare mail merge of WEPPA notices.	3.0
Dec 19	Prepare mail merge of WEPPA notices.	4.5

Dec 20	Prepare mail merge of WEPPA notices.	2.5
Dec 21	Prepare and mail WEPPA Notices; deposit cheques at RBC.	1.5
TOTAL – M. Cheung		**14.4 hrs.**

A & M

Alvarez & Marsal Canada Inc.
Licensed Insolvency Trustees
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

January 17, 2019

Royal Bank of Canada
222 Bay Street, 24th Floor
Toronto, Ontario M5K 1G8

Attention: Mr. Gary Ivany, Senior Director, Group Risk Management

DME LIMITED PARTNERSHIP, ET AL (collectively, the "Company")
RE: INVOICE #3 – 818344A and 818344B

For professional services rendered in our capacity as Court-appointed Receiver pursuant to the Receivership Order dated November 26, 2018, for the period December 23, 2018 to January 5, 2019.

BILLING SUMMARY

	Hours	Rate	Total
Charlottetown/Head Office			
A. Hutchens, Managing Director	6.2	$860	$5,332.00
J. Nevsky, Senior Director	50.5	$645	32,572.50
R. Gruneir, Senior Associate	36.6	$450	16,470.00
A. Singels-Ludvik, Associate	5.3	$325	1,722.50
J.L. Ip, Analyst	8.1	$325	2,632.50
	106.7		$58,729.50
Abbotsford			
A. Tillman, Managing Director	7.1	$750	$5,325.00
V. Chan, Director	23.0	$465	10,695.00
M. Lee, Senior Associate	30.0	$375	11,250.00
M. Cheung, Administrator	13.8	$175	2,415.00
	73.9		$29,685.00
	180.6		$88,414.50
Voluntarily reduced to:			$81,030.00
Add: Out of pocket expenses including airfare, hotel, travel costs and meals			7,483.41
			$88,513.41
Add: HST @ 13%			11,506.74
TOTAL INVOICE			**$100,020.15**

Mailing Instructions:
Alvarez & Marsal Canada Inc.
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank:	TD Canada Trust
Account Name:	Alvarez & Marsal Canada ULC
Swiftcode:	TDOMCATTTOR
Bank Address:	55 King Street West Toronto, ON
Bank Transit #:	10202
Institution #:	0004
Account #:	5519970
Reference #:	DME Limited (818344A/B) - Inv. #3
HST#:	83158 2127 RT0001

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Dec 23, 2018 to Jan 5, 2019

<u>Charlottetown/Head Office</u>

<u>A. Hutchens</u>		**<u>Hrs.</u>**
Dec 27	Review the updated and extended cash flow forecast; internal emails on disbursements; emails with Cox & Palmer on the NSI arbitration and draft letter to Livingston.	0.7
Dec 28	Internal discussions and emails on open receivership matters; respond to and/or route customer and creditor inquiries.	0.4
Dec 31	Internal discussions and emails on open receivership matters and the upcoming Sales Process bid submissions date.	0.7
Jan 2	Internal update discussion on open receivership matters and status of the Sales Process.	0.5
Jan 3	Internal discussion regarding [redacted] Brands situation; review and finalize a supplier services agreement; review and finalize a series of rent and other disbursements; internal emails regarding the equipment appraisal.	2.4
Jan 4	Internal discussions on open receivership and Sales Process matters; review EDC insurance materials and internal emails/emails with Cox & Palmer on same.	1.5
TOTAL – A. Hutchens		**6.2 hrs.**

<u>J. Nevsky</u>		**<u>Hrs.</u>**
Dec 23	Correspondence with potential purchaser to address open diligence matters; email correspondence with bidders regarding the January 7 bid submission date, process letter and scheduling of management meetings.	2.2
Dec 24	Review and respond to email from [redacted] subcontractor regarding status of open orders; review and revise the Atlantic Systems draft Asset Purchase Agreement; telephone discussions with Cox & Palmer on a number of matters, including [redacted] situation, Atlantic Systems APA, customer release forms and other items; call with a potential lender to discuss diligence and Sale Process matters; discussion with [redacted] regarding sale of system to customer and escrow agreement.	5.5

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Dec 23, 2018 to Jan 5, 2019

Dec 27	Correspondence with potential bidders regarding diligence matters and scheduling of management meetings/plant tours at both DME and ASM; discussions with [redacted] of DME regarding status of manufacturing certifications; review of production schedule and planned shipments and discussions with R Gruneir regarding same; emails with [redacted] regarding deliveries during the holiday period; discussions with [redacted] regarding [redacted] subcontractor; review of AESI invoices and supporting documentation; review of invoices and submit internally for payment.	4.2
Dec 28	Correspondence with potential bidders regarding open diligence matters and update on operations during the receivership period; review of data room and discussions with J. Ip regarding same; further correspondence with [redacted] regarding deliveries over the holiday period; call with [redacted] regarding open diligence matters; discussions with legal counsel to a potential bidder regarding the receivership proceedings, Sale Process and bid letter; discussions with R. Gruneir regarding cash flow and other open matters; correspondence with legal counsel to a customer regarding equipment delivery and release of escrow funds and related discussion with subcontractor regarding installation services.	4.5
Dec 30	Discussions with D. Green regarding diligence and scheduling of management meetings; correspondence with potential bidders to schedule management meetings/plant tours during the week of January 4.	1.0
Dec 31	Call with bidder and lender regarding financial forecast, borrowing base and other diligence matters; emails with A. Tillman regarding customer inquiry; call with a potential bidder regarding Atlantic Systems and coordinate site tour.	2.5

A & M

Jan 2	Call with [redacted] regarding open diligence matters, project status update and inventory purchases; call with [redacted] to discuss production schedule and AESI scheduling matters; call with R. Gruneir to discuss project status report, cash flow forecast and other receivership matters; emails with [redacted] regarding IT and server issues; discussion with J. Ip regarding liquidation proposal process and form of offers to be submitted by liquidators and arranging new utility accounts for receivership period; discussion with a customer regarding order status and payment of accounts receivable; emails and discussions with potential regarding diligence matters and letters of intent; call with [redacted] to review Atlantic Systems equipment and inventory listings and update APA schedules for same; call to conduct management meeting with [redacted]. [redacted] and a potential bidder; review of AESI schedules and respond to inquiry from AESI on same; emails with potential bidders on diligence questions and information posted in the data room; draft email response to legal counsel of a customer regarding sale of equipment and release.	6.5
Jan 3	Discussions with [redacted] and related correspondence with potential bidders on open diligence matters and organizing management calls; attend management meeting and plant tour with a potential bidder; call with A. Hutchens regarding sale of equipment to customer and release of escrow; organize vendor payments with R. Gruneir; review of production schedule and planned deliveries with [redacted] and [redacted]; call with a customer to organize payment and release of equipment; correspondence with G. Cooper regarding employee litigation matter in Loris and review of materials related to same; teleconference with [redacted] and CRA on employee tax matters; discussions with potential bidders regarding the ASM draft asset purchase agreement; call with [redacted] and a potential bidder to address diligence questions; inventory purchase discussions with [redacted]. [redacted] and review of related purchase orders; draft response to potential bidder's diligence inquiries and review of same with [redacted] and [redacted]; discussion with counsel to a customer regarding equipment sale and form of release; review of Maynards equipment and inventory appraisal report and update liquidation analysis for same; review of ASM utility invoices and prepare payment for same; review of customer accounts and discussions with [redacted] on next steps in sales negotiations.	10.4

Jan 4	Discussions with [redacted] on production schedule and AESI invoices; call with [redacted] ([redacted]) regarding invoicing dispute; review of diligence list from bidder and discussions with [redacted], [redacted] to address; review of customer account and related discussions with R. [redacted] on equipment delivery; review of purchase orders and discussions with [redacted] regarding same; call with [redacted] and a potential bidder on financial forecast and other diligence questions; call with a customer to discuss equipment order status and [redacted] subcontractor; discussions with [redacted] on on staffing matters; emails with potential bidders to address diligence questions and letters of intent; emails with Cox & Palmer regarding the draft asset purchase agreement for Atlantic Systems; discussions with J. Ip regarding status of utility accounts, data room and diligence requests.	9.2
Jan 5	Emails with potential bidders on to diligence matters; emails with a customer to complete equipment sale; discussions with [redacted] and customer to assist with equipment and installation issues; review of customer account; email correspondence with legal counsel to a customer regarding status of account and equipment delivery; call with [redacted] on a number of matters, including scheduling of meetings on Monday and open diligence questions; schedule management meetings and plant tours for January 7.	4.5

TOTAL – J. Nevsky **50.5 hrs.**

R. Grunier		**Hrs.**
Dec 24	Prepare wire transfer form for payroll funding and internal emails to coordinate approval and payment; review and respond to customer and creditor inquiries; update cash flow forecast for actual results and extend forecast by one week, and internal emails on same; email [redacted] to provide payroll wire confirmation to submit to ADP.	6.1
Dec 27	Review and respond to customer and creditor inquiries; internal emails and emails with [redacted] and [redacted] regarding [redacted] subcontractor.	1.6
Dec 28	Review and respond to customer and creditor inquiries; prepare wire transfer documents for disbursements; review project analysis prepared by [redacted], summarize same for J. Nevsky; prepare cheques for employee reimbursements.	2.1
Dec 31	Review and respond to customer and creditor inquiries; emails with potential bidders to answer diligence questions.	0.9

Jan 2	Review and respond to customer and creditor inquiries; call with D. [redacted] and J. Nevsky to discuss diligence matters; schedule site visits for ASM; prepare January production schedule and emails with J. [redacted], [redacted] and [redacted] on same, and teleconference to discuss same; prepare schedule of lease payments and provide to A. Singels-Ludvik for payment.	7.7
Jan 3	Review and respond to customer and creditor inquiries; prepare schedule of disbursements required during the week for A. Singels-Ludvik; discussions with J. Nevsky regarding several items; meeting with [redacted] regarding resignation; meeting with [redacted] to discuss transition plans, etc.; update cash flow forecast for actual results; discussion with [redacted] regarding China-based subcontractor arrangements; teleconference with potential bidder on diligence matters; meet with a potential bidder at ASM to tour facilities and discuss bid process; discussion with [redacted] on consignment inventory.	10.1
Jan 4	Review and respond to customer and creditor inquiries; discussions with [redacted] regarding accrued revenue; emails with [redacted] on outstanding diligence items; correspondence with [redacted] on payroll matters; prepare schedule for A. Singels-Ludvik for all required disbursements; prepare schedule of all projects that have been and will be completed; discussions with [redacted] regarding Loris inventory; finalize cash flow forecast and send to J. Nevsky for review; call with a potential bidder on diligence items.	8.1

TOTAL – R. Gruneir **36.6 hrs.**

A. Singels-Ludvik		**Hrs.**
Jan 3	Review last week's activity and payroll related emails; update Schedule of Receipts and Disbursements ("R&D"); email to RBC to provide account activity since December 21; prepare bank reconciliations; process invoices for payment; prepare/process wire transfer forms for payment of invoices; fax to RBC to process same; follow-up calls from RBC to confirm same; update R&D.	4.7
Jan 4	Prepare/process wire transfer forms for payment of invoices; update R&D.	0.6

TOTAL – A. Singels-Ludvik **5.3 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Dec 23, 2018 to Jan 5, 2019

J. Ip		**Hrs.**
Jan 2	Assist in preparation of asset listing document; discussions and emails with utility providers; discussions and emails with potential bidders.	2.8
Jan 3	Discussion and emails with utility providers; participate in management calls with potential bidders; emails with potential bidders and discussions with J. Nevsky regarding same; review of documents and uploading same to virtual data room.	4.3
Jan 4	Review of documents and uploading of same to virtual data room; discussions and emails with potential bidders.	1.0
TOTAL – J. Ip		**8.1 hrs.**

Abbotsford

A. Tillman		**Hrs.**
Dec 24	Attend to WIP collections and site visits; review correspondence from customers.	0.8
Dec 27	Attend to emails with MLT regarding WIP sales and terms; attend to customer emails; review site matters.	0.8
Dec 28	Attend to [redacted] sale documents; attend to customer inquiries.	0.7
Dec 31	Attend to liquidator emails regarding diligence queries; attend to creditor inquiries.	0.9
Jan 2	Attend to customer inquiries and bill of sale finalizations.	1.2
Jan 3	Calls with liquidators regarding asset inclusions; review cash receipts; internal call regarding bid process; attend to customer inquiries.	1.2
Jan 4	Call with potential bidder regarding bid process; emails regarding same; internal meeting regarding bids and asset lists; attend to customer inquiries.	1.5
TOTAL – A. Tillman		**7.1 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Dec 23, 2018 to Jan 5, 2019

V. Chan		**Hrs.**
Jan 2	Respond to parties interested in sales process and coordinate site visits; attend to payroll matters; draft and/or finalize bills of sale and releases for customers; respond to and follow-up on inquiries regarding parts and components missing from customer projects; attend to collection of receipts; provide information to set-up account information with customers; review electronic drawings of work-in progress project.	8.0
Jan 3	Calls with customers on work-in progress and next steps, and discussions with [redacted] and [redacted] regarding same; attend to work-in progress matters; respond to and follow-up with parties interested in sales process and coordinate site visits; attend to payroll matters; review and update analysis of projects and payment collection; internal team call regarding sales process update: attend to sales process and related matters; attend to banking and other matters; review and update equipment and parts listing for the sales process.	8.0
Jan 4	Calls with customers om work-in progress and next steps, and analysis of same; review projects and deductions requested by customers for reasonableness, and discuss same with [redacted], [redacted] and [redacted]; discussion with customers and their legal counsel regarding bills of sale and releases; attend to 30-day goods and reclamation of property claims; attend to sale process matters including contacting interested parties to provide an update on the revised equipment and parts listing and projects; attend to WEPPA matters; prepare analysis of collections on sale transactions; attend to proposed sale of office furniture and equipment.	7.0
TOTAL – V. Chan		**23.0 hrs.**

M. Lee		**Hrs.**
Dec 27	Submit WEPPA Trustee Information forms and respond to former employee inquiries regarding WEPP application.	6.0
Dec 28	Submit WEPPA Trustee Information forms and respond to former employee inquiries regarding WEPP application.	6.0
Dec 31	Submit WEPPA Trustee Information forms and respond to former employee inquiries regarding WEPP application.	4.5
Jan 3	Correspondence with former employees regarding WEPP applications and proof of claim forms.	7.0

Jan 4	Correspondence with former employees regarding WEPP application and proof of claim forms.	6.5
TOTAL – M. Lee		**30.0 hrs.**

M. Cheung		**Hrs.**
Dec 27	Submit employee WEPP claims.	4.0
Dec 28	Submit employee WEPP claims.	5.8
Dec 31	Submit employee WEPP claims.	3.0
Jan 4	Submit amended WEPP claims.	1.0
TOTAL – M. Cheung		**13.8 hrs.**

Alvarez & Marsal Canada Inc.
Licensed Insolvency Trustees
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

January 28, 2019

Royal Bank of Canada
222 Bay Street, 24th Floor
Toronto, Ontario M5K 1G8

Attention: Mr. Gary Ivany, Senior Director, Group Risk Management

DME LIMITED PARTNERSHIP, ET AL (collectively, the "Company")
RE: INVOICE #4 – 818344A and 818344B

For professional services rendered in our capacity as Court-appointed Receiver pursuant to the Receivership Order dated November 26, 2018, for the period January 6 to 19, 2019.

BILLING SUMMARY

	Hours	Rate	Total
Charlottetown/Head Office			
A. Hutchens, Managing Director	14.5	$860	$12,470.00
J. Nevsky, Senior Director	76.9	$645	49,600.50
R. Gruneir, Senior Associate	75.2	$450	33,840.00
A. Singels-Ludvik, Associate	10.4	$325	3,380.00
	177.0		$99,290.50
Abbotsford			
A. Tillman, Managing Director	13.5	$750	$10,125.00
V. Chan, Director	76.5	$465	35,572.50
M. Lee, Senior Associate	53.5	$375	20,062.50
M. Cheung, Administrator	19.4	$175	3,395.00
	162.9		$69,155.00
			$168,445.50
Voluntarily reduced to:			$154,324.50
Add: Out of pocket expenses including airfare, hotel, travel costs and meals			8,722.55
			$163,047.05
Add: HST @ 13%			21,196.12
TOTAL INVOICE			$184,243.17

Mailing Instructions:
Alvarez & Marsal Canada Inc.
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank:	TD Canada Trust
Account Name:	Alvarez & Marsal Canada ULC
Swiftcode:	TDOMCATTTOR
Bank Address:	55 King Street West Toronto, ON
Bank Transit #:	10202
Institution #:	0004
Account #:	5519970
Reference #:	DME Limited (818344A/B) – Inv. #4
HST#:	83158 2127 RT0001

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Jan 6 to 19, 2019

Charlottetown/Head Office

A. Hutchens		**Hrs.**
Jan 7	Internal discussions and emails on the Sales Process; review bids received and internal discussions on same.	2.7
Jan 8	Internal discussions and emails on the Sales Process; teleconference with Cox & Palmer on the Sales Process; review and finalize a series of disbursements.	2.0
Jan 9	Review and revise iterations of the draft Sales Process – Preliminary Bids Summary and internal discussions/emails on same and related Sales Process matters; internal discussions and emails on open receivership matters.	1.8
Jan 10	Internal discussions and emails on Sales Process matters; teleconference with RBC on the Sales Process – Preliminary Bids Summary; emails with Cox & Palmer on draft Sales Process documents.	2.2
Jan 11	Internal discussion and emails on Sales Process matters; emails with Cox & Palmer on draft Court materials for the upcoming sales approval motion; review and finalize a series of disbursements.	1.3
Jan 14	Internal emails on the updated and extended cash flow forecast; internal discussion on the draft First Report of the Receiver ("First Report") and auction services agreement for the Abbotsford assets.	0.7
Jan 15	Review and revise the draft First Report.	1.0
Jan 16	Review and finalize a series of disbursements; internal discussions on aspects of the draft First Report.	0.5
Jan 17	Review the revised draft First Report and internal discussions on same.	0.8
Jan 18	Review the draft motion materials for Court approval of the auction services agreement for the Abbotsford assets; review and finalize the First Report for service.	1.5
TOTAL – A. Hutchens		**14.5 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Jan 6 to 19, 2019

J. Nevsky		**Hrs.**
Jan 7	Supervise plant tours/site visits for various potential bidders throughout the day and attend management meetings with potential bidders; numerous telephone calls and email correspondence with potential bidders regarding final diligence matters and bid submissions; call with [redacted] and customer regarding status of order and equipment at China-based subcontractor; discussions with P. Williams regarding Loris facility matters; correspondence with customer regarding delivery of equipment and release of escrow funds; internal discussions on the review of bid submissions and summary report to RBC; review of customer account and respond to inquiries from customer's legal counsel; correspondence with AESI regarding invoicing and scheduling matters; review of bids received for the various asset groups (DME, Abbotsford, ASM) and related discussions with R. Gruneii and A. Hutchens.	9.4
Jan 8	Continued review of bids received and discussions with A. Hutchens regarding same; numerous telephone calls with parties who submitted bids to review and understand submissions, and with parties who continue to express interest in submitting a bid; discussions with P. William and G. Cooper regarding bids received and related Sale Process matters; attend management meetings with a potential bidder; telephone call with R. Gruneir and representative from EDC to discuss DME's accounts receivable insurance policy; continued review of bids received, review of summary materials for presentation to RBC and internal discussions regarding same.	8.5
Jan 9	Continued review of [redacted] invoices with [redacted] to resolve disputed matters; discussion with [redacted] regarding employee matter; review and revise bid summary presentation to RBC and discussions with R. Gruneir and V. Chan regarding same; discussions with N. Chiasson to review correspondence in connection with ASME manufacturing certification and draft response to ASME regarding same; respond to customer inquiries regarding status of equipment; correspondence with legal counsel to customer to have funds released from escrow; numerous telephone calls with parties who submitted bids to discuss and understand submissions; finalize bid summary presentation to RBC and distribute to working group; continued correspondence with potential bidder regarding submission of bid for DME's Charlottetown business; discussion with an ASM bidder in connection with refined offer for ASM assets; correspondence with customer to finalize equipment sale and arrange logistics with R. McKellop; review of additional bid received from interested party and discussions with A. Hutchens regarding same.	8.2

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Jan 10	Discussions with A. Hutchens regarding bid summary presentation and the additional bid received for DME's Charlottetown business; discussions with management regarding receivership matters and ongoing operations; review of additional bid received and related discussions with P. Williams and G. Cooper [redacted]; discussions with P. Williams regarding release of [redacted] prepare for and attend telephone meeting with RBC to review bids received, summary presentation and discuss next steps in Sale Process; numerous telephone calls with parties who submitted bids; preparation of counter-proposal to bidder and discussions with A. Hutchens regarding same; telephone meeting with bidder to discuss counter-proposal; correspondence with customer regarding status of equipment at [redacted] subcontractor and delivery of equipment.	8.5
Jan 11	Ongoing discussions with bidder to negotiate proposal; review of bidder's revised proposal and discussions with A. Hutchens and G. Cooper regarding same and finalize Letter of Intent with bidder; telephone discussion with Aird & Berlis to provide update on acceptance of Letter of Intent and related Sale Process matters.	4.2
Jan 13	Respond to inquiries from various customers regarding status of equipment orders; email correspondence with [redacted] regarding diligence matters; review production and delivery schedule for the coming week and draft email to DME production group regarding same; review of material purchases and submit to accounting for processing.	1.5
Jan 14	Email correspondence with [redacted] regarding employee matter; discussions with R. Gruneir regarding cash flow, outstanding diligence and other receivership matters; telephone meeting with [redacted] and customer regarding status of account and completion of certain equipment; emails with customers regarding status of equipment; discussions with legal counsel to customer regarding equipment delivery and release of escrow funds and follow up with [redacted] regarding same; drafting of First Report to Court.	6.5
Jan 15	Correspondence with [redacted] and bidder regarding diligence matters, projects currently in production and other Sale Process matters; discussions with R. Gruneir regarding ASM Sale Process and open receivership matters; discussions with V. Chan regarding Infinity liquidation agreement; continued drafting of the First Report to Court and related discussions with A. Hutchens and Cox & Palmer; call with customer regarding status of account and equipment delivery.	8.2

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Jan 6 to 19, 2019

Jan 16	Emails with various customers regarding status of equipment deliveries and account balances; discussions with [redacted] regarding ASME and provincial manufacturing licenses and related renewals; discussions with R. Gruneir regarding ongoing diligence and other receivership matters; call with [redacted] and customer to negotiate account balance and go-forward equipment purchases; discussions with bidder regarding diligence and scheduling further meetings with management; review of customer account and draft email to customer's legal counsel regarding status of account and certain equipment held at [redacted] subcontractor; call with [redacted] and customer regarding order status and go-forward equipment purchases; revise the draft First Report to Court; discussion with P. Williams regarding [redacted] and call with customer in connection with same; correspondence with [redacted] regarding status of equipment deliveries.	8.7
Jan 17	Discussions with P. Williams to finalize ASME letter of understanding; further revise the draft First Report to Court; discussions with R. Gruneir regarding cash flow, open diligence and ongoing receivership matters; discussions with P. Williams [redacted] discuss related motion materials; call with [redacted] and representatives from the province regarding ASME letter of understanding; correspondence with bidder regarding open diligence matters; call with [redacted] and customer to finalize agreement to settle account balance and agree to go-forward manufacturing terms; discussions with [redacted] and [redacted] regarding diligence matters, communications with customers and stakeholders and other receivership matters; respond to emails from various customers regarding status of account and equipment deliveries; discussion with [redacted] regarding equipment delivery and customer broker agreement.	7.0
Jan 18	Review and comment on draft motion materials and discussions with A. Hutchens and P. Williams regarding same; finalize First Report for service; discussions with bidder regarding diligence matters and scheduling further meetings with management; discussions with [redacted] and [redacted] regarding status of receivership proceedings and communications with customers and other stakeholders; discussions with [redacted] and [redacted] regarding customer account, draft equipment sale proposal to customer and related discussion with customer; correspondence with legal counsel to customer to finalize equipment delivery and release of escrow funds; call with [redacted] to review invoices and disputed items; correspondence with Receiver's website administrator to post Court materials.	6.2

TOTAL – J. Nevsky **76.9 hrs.**

R. Grunier		**Hrs.**
Jan 6	Prepare AR and WIP schedule regarding collections to-date and WIP completed; review email sent by M. Ryan and draft and send response; emails with J. Nevsky on open receivership items.	3.2
Jan 7	Review and respond to customer and creditor inquires; update cash flow forecast to include prior week's actuals and extend forecast; meet with [redacted] and discuss AR collection requirements; meet with potential bidder to answer diligence questions; prepare schedule of consignment inventory to be returned and to be retained; prepare schedule of potential lease cure costs; review of bids received for the various asset groups (DME, Abbotsford, ASM) and related discussions with J. Nevsky and A. Hutchens.	9.7
Jan 8	Continued review of bids received and discussions with J. Nevsky regarding same; numerous calls with parties who submitted bids; attend management meetings with potential bidder; telephone call with J. Nevsky and representative from EDC to discuss DME's account receivable insurance policy; review payroll register for prior week; continued review of bids received; preparation of bid summary for RBC and send to J. Nevsky for review; final review of summary materials for presentation to RBC and discussions with J. Nevsky, J. Ip and V. Chan regarding same.	8.7
Jan 9	Review and respond to customer and creditor inquiries; internal emails to coordinate required disbursements; discussions regarding prior week's payroll with R. Jones and internal emails to coordinate wire payment to ADP; further revisions to lease cure cost schedule; preparation of AR schedule to categorize into various types and meet with [redacted] to review and update same; emails/calls with customer regarding status of their project; discussion with consignment inventory supplier regarding status of their goods.	8.3
Jan 10	Review and respond to customer and creditor inquiries; emails/calls with ASM bidder on next steps; discussion with [redacted] to discuss vacation and expense reimbursement and email to confirm same; preparation of additional bid summary; preparation of cash flow for two-week period and provide to J. Nevsky for review; preparation of schedule to outline changes in inventory from December 4 to January 8; prepare schedule of all projects that have been or will be delivered by the end of February and discussions with J. Nevsky regarding same.	8.6
Jan 11	Meetings with bidder and management to respond to diligence questions; provide [redacted] with bill of sale for sale to customer; review and respond to customer and creditor inquiries.	4.1

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Jan 6 to 19, 2019

Jan 13	Emails with J. Nevsky on coming week work requirements; review town hall notes for Monday's meeting.	1.2
Jan 14	Review and respond to customer and creditor inquiries; prepare AR collection letter and send to J. Nevsky for review; discussion with ASM bidder regarding next steps; compile additional diligence documentation for ASM; prepare schedule of ASM source deductions; attend townhall meeting with all employees to provide update on Sales Process; update cash flow forecast to reflect actuals from prior week and internal emails on same; call with ASM bidder.	9.1
Jan 15	Discussions with [redacted] regarding AR collections; call with ASM bidder to provide update; meet with employees of ASM to provide update on Sales Process; discussions with [redacted] regarding POA for customer clearance; meeting with [redacted] and [redacted] to discuss project analysis updates; continue preparation of AR summary by project and provide to [redacted] for review; correspondence with [redacted] and [redacted] regarding various customer accounts and project status; review payroll with [redacted] for prior week; call with V. Chan to discuss insurance.	8.1
Jan 16	Review and respond to customer and creditor inquiries; internal emails regarding prior week's payroll; draft and send bill of sale to [redacted] update cash flow forecast; review and draft email to supplier with 30-day goods claim; review and approve expenses of certain employees; review and revise [redacted]'s proposed communication with customers; preparation of Loris schedules for P. Williams; review of AR schedule provided by [redacted] and send to [redacted] to include in project analysis; correspondence with representative of Syspro; internal emails to coordinate disbursements.	6.2
Jan 17	Review and respond to customer and creditor inquiries; complete Loris schedule for P. Williams; update cash flow forecast additional invoices received relating to both DME and NSI.	3.8
Jan 18	Review and respond to customer and creditor inquiries; emails with [redacted] to provide updated project analysis and outline of projects to be completed in January; emails with [redacted] with Loris invoices and POs; emails with [redacted] insurance to respond to their questions; emails with [redacted] AR.	4.2

TOTAL – R. Gruneir **75.2 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – Jan 6 to 19, 2019

A. Singels-Ludvik		**Hrs.**
Jan 7	Process invoices for payment and update Schedule of Receipts and Disbursements ("R&D")	0.6
Jan 8	Internal emails regarding payments required; process invoices for payment; prepare wire transfer forms to pay invoices and fax same to RBC; follow-up confirmation calls from RBC and update R&D.	2.1
Jan 9	Prepare wire transfer forms to pay invoices and fund payroll for last week and fax same to RBC; follow-up confirmation calls from RBC and update R&D.	0.6
Jan 11	Request bank activity from RBC; prepare bank reconciliation to-date; internal emails on R&D matters; process invoices for payment and update R&D.	1.8
Jan 14	Internal emails regarding payroll matters; review pre/post schedule of amounts paid to employees of ASM and internal discussions regarding same; telephone calls to RBC to confirm incoming receipts; prepare bank reconciliations and internal emails regarding same; internal emails regarding required disbursements.	1.4
Jan 15	Internal emails regarding incoming receipts; telephone call to RBC to confirm same; process invoices for payment; prepare wire transfer forms to return bid deposits and to process invoices for payment; follow-up calls from RBC to confirm same; update R&D.	1.6
Jan 16	Internal emails regarding payments required; prepare wire transfer forms to pay invoices and fund payroll for prior week and fax same to RBC; follow-up confirmation calls from RBC; update R&D.	1.6
Jan 17	Review internal emails regarding incoming receipts and organize backup regarding same; internal discussions regarding R&D related matters; internal emails regarding payments required.	0.7
TOTAL – A. Singels-Ludvik		**10.4 hrs.**

Abbotsford

A. Tillman		**Hrs.**
Jan 7	Review liquidation bids received; review draft summary; internal meetings and calls regarding bid review; attend to creditor inquiry.	2.4
Jan 8	Review liquidation bids received; review draft summary; internal meetings and calls regarding bid review.	1.8

Jan 9	Attend to bid summary; internal calls regarding bid strategy.	1.2
Jan 10	Prepare for and attend call with RBC regarding bid analysis and planned next steps; call with Infinity regarding auction services agreement; attend to premises matters.	2.5
Jan 11	Review auction services agreement; internal meeting regarding same.	1.5
Jan 15	Internal meeting regarding Court application; review liquidator correspondence regarding agreement.	0.8
Jan 16	Attend to draft Court materials and liquidator agreement; internal discussion regarding same.	1.0
Jan 17	Attend to Court materials and finalization of liquidator agreement; internal discussion regarding same.	1.3
Jan 18	Review draft Order; internal email correspondence regarding same; internal meeting regarding premises and liquidator matters.	1.0
TOTAL – A. Tillman		**13.5 hrs.**

V. Chan		**Hrs.**
Jan 7	Respond to inquiries from potential bidders in Sales Process; review and update appraisal valuation; review and consider submitted bids and prepare summary and analyses of same; internal meeting to discuss bids received; attend to matters relating to sale of equipment to customer and collection of receipts; review leases for the forklifts; coordinate retrieval of equipment; follow-up on bid deposits.	10.0
Jan 8	Respond to inquiries from potential bidders in Sales Process; review and consider submitted bids and prepare analyses of same; attend to matters relating to sale of equipment to customers and coordination of equipment retrieval; review revisions to bill of sale and release letter; prepare analysis of liquidation proposals for update to RBC.	8.5
Jan 9	Revise and finalize analysis of liquidation proposals for update to RBC; respond to inquiries from potential bidders; update summary of bid proposals; attend to work-in-process equipment matters; follow-up with suppliers regarding customers purchasing components directly; update summary of customer payments collected; respond to customer inquiries; attend to 30-day goods claims; follow-up on goods stored at third-party locations; review and finalize bills of sale and release letters.	8.0

Jan 10	Review submitted bid proposals and discussions with bidders; follow-up on payroll matters; coordinate with customers and their representatives on retrieving equipment; consider vacating leased premises and related logistics; execute bills of sale for sale of equipment; follow-up on HST matters relating to equipment sales and call with Canada Revenue Agency on exports.	7.0
Jan 11	Review draft auction proposal; review collection of receivables and equipment sales; review of 30-day good claims; attend to payroll and staffing matters; finalize bills of sale for equipment; consider consolidating leased premises and discussion with liquidator regarding same; respond to customer inquiries regarding equipment components.	8.0
Jan 14	Contact bidders on status of their proposal and administer the return of bid deposits; attend to 30-day goods claim; review employee claim of discretionary bonus; coordinate site visit for liquidator; follow-up on owned vs. leased items; follow-up on commercial insurance renewal; update draft auction and liquidation agreement with proposed revisions.	7.0
Jan 15	Review and edit draft First Report of Receiver; finalize sale of equipment and cross-border issues; discussion with P. Williams [redacted] respond to inquiries from unsuccessful bidders; follow-up on assets to be excluded from Sale Process; follow-up on vacating the Progressive Way premises; follow-up on insurance renewal matters; follow-up on collection of payment from customer and wire transfer details; coordinate return of bid deposits.	8.0
Jan 16	Revise the draft First Report, including summary of liquidation bids; follow-up on collection of payment from customer; finalize and follow-up with customer regarding sale of equipment; coordinate return of bid deposits; attend to leasehold and other landlord matters; respond to inquiries from bidders; follow-up on assets to be excluded from Sales Process; discussions with P. Williams and G. Cooper [redacted] and send revised draft to auctioneer for review; attend to the retention of certain books and records; consider and review employee claims.	8.0
Jan 17	Further revise the draft First Report, including summary of liquidation bids and discussion with P. Williams on same; finalize auction and liquidation agreement; discussion regarding confidential and redacted information; follow-up on assets removed; attend to sale of equipment, retrieval by customer and related payment matters; respond to customer inquiries; attend to liquidation process matters, including the exclusion and possible inclusion of additional assets.	6.0

Jan 18	Finalize the auction and liquidation agreement including redacted version and discussions with P. Williams and auctioneer; follow-up on payroll matters; consider the preservation and safe keeping of intellectual property and coordinate the segregation of relevant items; follow-up on customer payment and electronic drawings; discussions with customer regarding the sale of equipment; respond to inquiries from parties interested in liquidatiou process.	6.0

TOTAL – V. Chan **76.5 hrs.**

M. Lee		**Hrs.**
Jan 7	Correspondence with former employees regarding WEPP applications and proof of claim forms.	5.5
Jan 8	Correspondence with former employees regarding WEPP applications and proof of claim forms; respond to inquiries from trade creditors; attend to utilities matters; correspondence with lessors regarding their assets.	6.0
Jan 9	Correspondence with former employees regarding WEPP applications and proof of claim forms; correspondence with suppliers regarding 30-days goods claims; correspondence with lessor regarding equipment status; review utilities invoices; respond to landlord regarding certain assets.	7.0
Jan 10	Correspondence with former employees regarding WEPP applications and proof of claim forms; correspondence with landlord regarding moving/transition matters; respond to trade creditor inquiries.	4.5
Jan 11	Correspondence with former employees regarding WEPP applications and proof of claim forms; coordinate relocation of servers.	6.0
Jan 14	Correspondence with former employees regarding WEPP applications and proof of claim forms; attend to utilities matters; correspondence with party interested in Progressive Way office furniture.	5.5
Jan 15	Correspondence with former employees regarding WEPP applications and proof of claim forms; respond to supplier regarding 30-days goods; review invoices for payment; correspondence with future tenant of Progressive Way office regarding transition matters.	4.5

Jan 16	Correspondence with former employees regarding WEPP applications and proof of claim forms; coordinate server backup; respond to supplier regarding 30-days goods.	6.0
Jan 17	Correspondence with former employees regarding WEPP applications and proof of claim forms; attend to correspondence regarding server backup and vacating Progressive Way office.	5.0
Jan 18	Correspondence with former employees regarding WEPP applications and proof of claim forms; attend to correspondence regarding server back up and disconnection.	3.5
TOTAL – M. Lee		**53.5 hrs.**

M. Cheung		**Hrs.**
Jan 7	Submit employee WEPP claims; deposit cheques at the bank.	2.3
Jan 8	Submit employee WEPP claims; deposit cheques at the bank.	2.3
Jan 10	Submit amended employee WEPP claims.	1.3
Jan 11	Respond to former employees regarding their proofs of claim; amend employee WEPP claims.	2.0
Jan 14	Discussions with utilities providers regarding receivership accounts and invoices; email correspondence with former employees regarding POC; update POC listing; submit employee WEPP claims.	2.2
Jan 15	Review invoices and send for payment; deposit cheques at the bank; telephone and email correspondence with former employees regarding POC.	1.8
Jan 16	Submit amended employee WEPP claims; telephone correspondence with former employees regarding their POC.	2.0
Jan 17	Submit amended employee WEPP claims; email correspondence with former employees regarding their POC; update POC listing.	3.5
Jan 18	Submit amended employee WEPP claims.	2.0
TOTAL – M. Cheung		**19.4 hrs.**

A & M

Alvarez & Marsal Canada Inc.
Licensed Insolvency Trustees
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

February 14, 2019

Royal Bank of Canada
222 Bay Street, 24th Floor
Toronto, Ontario M5K 1G8

Attention: Mr. Gary Ivany, Senior Director, Group Risk Management

DME LIMITED PARTNERSHIP, ET AL (collectively, the "Company")
RE: INVOICE #5 – 818344A and 818344B

For professional services rendered in our capacity as Court-appointed Receiver pursuant to the Receivership Order dated November 26, 2018, for the period January 20 to February 2, 2019.

BILLING SUMMARY

	Hours	Rate	Total
Charlottetown/Head Office			
A. Hutchens, Managing Director	8.3	$860	$7,138.00
J. Nevsky, Senior Director	60.7	$645	39,151.50
R. Gruneir, Senior Associate	64.5	$450	29,025.00
A. Singels-Ludvik, Associate	8.8	$325	2,860.00
J.L. Ip, Analyst	7.0	$325	2,275.00
	149.3		$80,449.50
Abbotsford			
A. Tillman, Managing Director	3.6	$750	$2,700.00
V. Chan, Director	34.5	$465	16,042.50
M. Lee, Senior Associate	26.5	$375	9,937.50
M. Cheung, Administrator	5.4	$175	945.00
	70.0		$29,625.00
	219.3		$110,074.50
Voluntarily reduced to:			$100,668.50
Add: Out of pocket expenses including airfare, hotel, travel costs and meals			7,146.88
			$107,815.38
Add: HST @ 13%			14,016.00
TOTAL INVOICE			**$121,831.38**

Mailing Instructions:
Alvarez & Marsal Canada Inc.
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank.	TD Canada Trust
Account Name:	Alvarez & Marsal Canada ULC
Swiftcode:	TDOMCATTTOR
Bank Address:	55 King Street West Toronto, ON
Bank Transit #:	10202
Institution #:	0004
Account #:	5519970
Reference #:	DME Limited (818344A/B) – Inv. #5
HST#:	83158 2127 RT0001

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – January 20 to February 2, 2019

Charlottetown/Head Office

A. Hutchens		**Hrs.**
Jan 21	Emails with the insurance broker regarding a 60-day extension to the policy expiry dates; review the schedule of insurance coverage limits by location and internal emails regarding limit reductions to better align coverage amounts with the bids received in the Sales Process; email from Cox & Palmer on the rescheduling of the Court hearing for approval of the auctions services agreement for the Abbotsford assets and internal discussion on same.	0.8
Jan 22	Internal discussion on the approach for final round bids for ASM and review the draft process letter to be provided to bidders.	0.4
Jan 23	Review revisions to the schedule of insurance coverage limits for property/assets by location and emails with the insurance broker on same; review the draft Supplemental Report to the First Report of the Receiver (the "First Supplemental Report") and internal emails on same.	1.5
Jan 24	Internal discussion on final round bids received for ASM; review the revised draft First Supplemental Report and internal emails to finalize same.	0.8
Jan 28	Internal discussions and emails on open receivership matters; review and finalize a series of disbursements.	0.6
Jan 29	Review the updated and extended cash flow forecast and internal emails on same; review briefing email and related documents from Cox & Palmer regarding the NSI litigation/arbitration.	1.2
Jan 30	Review the revised updated and extended cash flow forecast and internal emails on same; internal discussion on open receivership matters; respond to creditor inquiries; teleconference with Cox & Palmer on the NSI litigation/arbitration, tomorrow's Court hearing and related matters; review and finalize a series of disbursements.	2.0
Jan 31	Review the draft Asset Purchase Agreement for DME Charlottetown and internal emails on same.	1.0
TOTAL – A. Hutchens		**8.3 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – January 20 to February 2, 2019

J. Nevsky		**Hrs.**
Jan 21	Emails with [redacted] regarding diligence matters; call with [redacted] and [redacted] to discuss operations, customer inquiries and open diligence items; review of customer account and discussions with [redacted] to finalize delivery of equipment; discussions with [redacted] regarding [redacted] account reconciliation and disputed invoice items; call with P. Williams regarding return of escrow funds to customer and follow-up discussions with customer; respond to customer inquiries to complete sales of brewery systems and collection of accounts receivable; call with [redacted] and [redacted] regarding production schedule and systems deliveries; call with [redacted] regarding the release of deliveries on hold; discussions with R. Gruneir regarding status of bidders in the ASM Sale Process.	5.6
Jan 22	Call with [redacted] regarding the release of spare parts and collection of escrow account; discussions with A. Singels-Ludvik and R. Gruneir regarding cash flow and status of collections; call with R. Gruneir and representatives with ASM bidder regarding revised offer; call with P. Williams regarding ASM Sale Process and other receivership matters; draft Sale Process Final Bid Instruction letter to be distributed to ASM bidders; review and reconcile ASM accounts receivable with J. Ip; calls with each of the potential ASM bidders regarding the ASM Sale Process; discussions with V. Chan on open receivership matters; review and update the draft ASM asset purchase agreement and discussions with P. Williams regarding same.	6.4
Jan 23	Review of project and delivery schedules and discussions with [redacted] on same; telephone calls with ASM Sale Process bidders to provide status update on accounts receivable and other diligence matters to assist in Final Bids; discussions with R. Gruneir regarding the ASM Sale Process, ongoing DME diligence and other open matters; review data room files and post to [redacted] folder; emails with customers regarding deliveries, final invoices and release forms; prepare the draft Supplemental Report to the First Report describing the ASM Sale Process and results and discussions with P. Williams on same; emails with [redacted] on diligence requests and discussions regarding timelines to close; review of Final ASM Bids received.	7.6

Jan 24	Further prepare the Supplemental Report to the First Report; attend [redacted] diligence call with [redacted] and [redacted]; review of further Final ASM Bids received; review of amended Court materials for the ASM Sale Motion and teleconference with P. Williams and G. Cooper regarding Court materials and Supplemental Report; review of correspondence received from legal counsel to DME supplier and reconcile account details with DME's records; discussions with A. Hutchens regarding results of ASM Sale Process; discussions with [redacted] to review the group of customer accounts that have open purchase orders with [redacted] manufacturing contractor and discuss next steps; finalize Receiver's Supplemental Report with results of ASM Sale Process; discussions with [redacted] and a DME customer to negotiate final settlement of account and delivery of equipment; discussions with [redacted] regarding their successful ASM bid, court materials, assignment of lease and other transaction matters; review DME intellectual property listing and draft APA schedule with same; review of [redacted] diligence checklist and provide input on same.	9.0
Jan 25	Discussions with R. Gruneir to review ongoing project schedule and production summary; respond to emails from customers and legal counsel to customers regarding status of equipment and deliveries; call with legal counsel to a customer to discuss status of equipment and payment of remaining receivable balance; call withsupplier to reconcile deposit payments and account balance; review diligence items and respond to [redacted]'s open questions; complete ASME manufacturing license forms and discussions with [redacted] on same; review of customer project details and prepare schedule summarizing amounts owing to [redacted] subcontractor; discussions with [redacted] and [redacted] regarding intellectual property, project schedule and other open diligence items; call with [redacted] regarding sale of ASM, assignment of lease and transition items.	7.5
Jan 28	Emails with customers regarding collection of accounts and delivery of equipment; prepare for and attend diligence call with [redacted] and DME; call with legal counsel to a customer to address various matters; review invoices to be approved for payment; correspondence with a customer to negotiate and settle equipment delivery and account balance; review letter received from a customer's legal counsel and discussions with P. Williams regarding same; discussion with J. Ip on utilities accounts.	5.5

Jan 29	Review of DME's accounts receivable insurance policy with EDC; discussions with [redacted] and [redacted] on open diligence items; emails with customers regarding collection of accounts and delivery of equipment; review of DME and ASM asset listings and discussions with [redacted] on same; review cash flow activity to date and discussions with R. Gruneir regarding same; emails with [redacted] regarding ASME manufacturing certifications.	4.5
Jan 30	Review the updated and extended cash flow forecast and discussions with R. Gruneir on same; discussions with [redacted] regarding accounts receivable collections and reconciliation of accounts collected to date; meeting with [redacted] and [redacted] on operations and open diligence items; teleconference with R. Gruneir, [redacted] and EDC regarding DME's receivable insurance policy; call with [redacted] and customer to reconcile account balance and negotiate final settlement; attend diligence meeting with [redacted], [redacted] and [redacted]; emails with customers regarding equipment deliveries and status of payments; review of updated project summary schedules and discussions with [redacted] on same; meeting with AESI regarding production schedules and transition on a transaction closing; teleconference with A. Hutchens, G. Cooper and P. Williams regarding [redacted] and related receivership matters.	8.6
Jan 31	Review black-lined Asset Purchase Agreement received from counsel to [redacted]; meeting with [redacted] and [redacted] on production and delivery schedules; attend at Cox & Palmer's offices to meet with P. Williams and G. Cooper to prepare for Abbotsford and ASM Sale Approval motions and attend Court for same; discussions with [redacted] regarding production schedule and invoice disputes; call with R. Grunier regarding equipment sale; call with [redacted] on open diligence matters and timeline to execution of APA.	6.0

TOTAL – J. Nevsky **60.7 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – January 20 to February 2, 2019

R. Grunier		**Hrs.**
Jan 21	Review emails from the previous evening and respond accordingly; correspondence with M. Ryan regarding materials to purchase; discussion with J. Nevsky regarding several matters; email to D. Bruce for updated AR tracker; update AR schedule and provide to J. Nevsky for review; emails with [redacted] regarding working capital position at transaction close; discussion with [redacted] and [redacted] regarding project analysis; respond to a Demand for Repossession; teleconference with bidder on ASM to obtain update on finance condition; review letter provided by bidder's legal counsel and discussions with J. Nevsky regarding same.	6.9
Jan 22	Respond to customer and creditor inquiries; meeting with DME bidder and management to discuss several matters; preparation of initial AR aging schedule for NSI and send to [redacted] to update to include breakout for projects; update R&D to reflect prior week's actuals; teleconference with ASM bidder to obtain update on financing requirements and final bid procedure update; meet with bidder at ASM to walk through facility and discuss next steps; meet with landlord of ASM facility; review payroll with [redacted] and approve for processing; meet with bidder and management to walk through several items.	7.6
Jan 23	Emails with ASM bidder to coordinate wire transfer; call with customer to discuss in-process projects and outstanding AR balances; emails with A. Singels-Ludvik regarding payroll funding; meeting with [redacted] to walk through project and determine appropriate change orders; review project shipping dates and update project analysis accordingly; emails with [redacted] to provide updates on customer accounts; respond to creditor inquiries; review schedule prepared by DME bidder; meet with [redacted] on bidder project analysis; input A&M comments; teleconference with J. Nevsky to review same.	8.1
Jan 24	Discussions with [redacted] regarding payroll matters and emails with ADP on same; respond to customer and creditors; meet with N. Chaisson on customer change orders; review project analysis prepared by [redacted] and [redacted] and adjust for projects that should not have been removed; prepare updated analysis and compare to VDR project analysis; call with J. Nevsky to discuss updated project analysis; review updates with [redacted], additional changes to analysis and send to J. Nevsky to review.	10.2

Jan 25	Respond to customer and creditor inquiries; call with J. Nevsky to on the updated project analysis; input comments from J. Nevsky and emails with bidder and management on same; discussion with N. Chaisson on a customer project; teleconference with same customer to review outstanding AR and in-progress projects.	6.8
Jan 28	Respond to customer and creditor inquiries; call with V. Chan to discuss several matters; call with [redacted] to discuss AR collection; call with customer to discuss payment of outstanding AR balance; teleconference with bidder, management and J. Nevsky on open diligence matters; call with [redacted] regarding customer equipment; emails with P. Williams on Loris inventory; prepare disbursement schedule and send with invoices to A. Singels-Ludvik for payment; update intellectual property schedule based on [redacted] and [redacted]'s comments and provide to P. Williams for review.	6.7
Jan 29	Respond to customer and creditor inquiries; emails with consignment inventory supplier regarding next steps; teleconference with bidder; emails with A. Singels-Ludvik to provide banking information to return deposit for unsuccessful bid; calls with customer to finalize outstanding balances, etc.; review NSI AR listing and emails with [redacted] related to same; correspondence with V. Chan and [redacted] to on February rent; update cash flow forecast to reflect actuals from the previous week and extend forecast to end of February.	6.5
Jan 30	Emails with A. Hutchens regarding updated and extended cash flow forecast; review [redacted] analysis prepared by [redacted] and provide to bidder for discussion; teleconference with bidder regarding status of diligence; request wire confirmation for [redacted] payment and emails with [redacted] on required license renewals; review payroll register and submit to A. Singels-Ludvik for funding; discussions with A. Singels-Ludvik regarding source deduction remittance for ASM; internal emails to coordinate uploads to the VDR; teleconference with TD Bank and P. Williams to discuss Loris inventory.	6.0
Jan 31	Respond to customer and creditor inquiries; emails with [redacted] to obtain quote sheet that outlines all change orders for customer's equipment and call with customer's counsel to discuss same; emails with [redacted] to discuss bidder's questions; prepare final statements for customer; teleconference with bidder on open diligence items; update diligence status tracker and provide to bidder for review.	5.7

TOTAL – R. Gruneir **64.5 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – January 20 to February 2, 2019

A. Singels-Ludvik		**Hrs.**
Jan 21	Bank reconciliation to date and update Schedule of Receipts and Disbursements ("R&D"); review emails regarding incoming receipts; call to RBC to confirm same.	0.5
Jan 22	Process invoices for payment; prepare/process wire transfer forms; update R&D; telephone call from RBC to confirm same; review internal emails regarding R&D matters; call to RBC to confirm incoming funds.	1.9
Jan 23	Internal emails regarding payments required; process wire transfer form to fund payroll to ADP; update R&D; internal emails regarding R&D related matters; call to RBC to confirm incoming funds.	0.6
Jan 28	Process invoices for payment; prepare/process wire transfer forms regarding same for some; update R&D; organize backup regarding same; telephone call from RBC to confirm same; review internal emails regarding R&D matters.	3.2
Jan 29	Review emails regarding banking activity; process wire to return bid deposit; update R&D.	0.6
Jan 30	Process invoices for payment; prepare/process wire transfer forms regarding same for some; update R&D; telephone call from RBC to confirm same; review emails regarding banking activity.	1.8
Jan 31	Process wire transfer forms to RBC; telephone call from RBC to confirm same.	0.2
TOTAL – A. Singels-Ludvik		**8.8 hrs.**

Abbotsford

A. Tillman		**Hrs.**
Jan 22	Call with counsel regarding Court hearing and closing matters; internal discussions regarding premises and sale conclusion matters.	1.3
Jan 28	Attend to email correspondence regarding creditor, customer and liquidation inquiries;, internal discussions regarding site exit matters and customer goods.	1.2
Jan 29	Attend to customer matters regarding goods retrieval.	0.3
Jan 30	Attend to liquidator sale matters and customer goods release.	0.8
TOTAL – A. Tillman		**3.6 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – January 20 to February 2, 2019

V. Chan		**Hrs.**
Jan 21	Coordinate return of safety logbooks to Technical Safety BC; review insurance renewal policy; coordinate moving of remaining customer equipment; consider impact of delay in Court approval of sales process; attend to the removal of intellectual property including signage; attend to return of Technical Safety BC work manuals.	3.0
Jan 22	Adjust coverage for renewal of insurance policy; call with P. Williams to discuss upcoming Cbourt hearing and sales process matters; attend to sale of equipment matters including timing of shipment and calculation of receivable owing; request customer list for marketing for liquidation process; attend to IT matters; attend to 30-day good matters.	4.0
Jan 23	Attend to sale of equipment matters including shipping issues for various customers; correspondence with customer with equipment completed at NSI; attend to 30-day good claims; attend to IT and server matters; review outstanding accounts with [redacted].	3.0
Jan 24	Respond to customer inquiries regarding Loris; review outstanding accounts with [redacted]; attend to IT and server matters.	2.0
Jan 25	Attend to payroll matters, respond to customer inquiries regarding drawings; attend to retention of books and records, computer data and vacating Progressive Way premises.	2.0
Jan 28	Review correspondence regarding inventory stored at third-party location; follow-up on accessories on shipment for customer; respond to customer inquiries regarding drawings; review invoices for utilities and contractors; review customer list for NSI; coordinate timeline with liquidators; attend to retention of books and records and vacating Progressive Way premises; review outstanding accounts with [redacted].	3.5
Jan 29	Attend to customer inquiries and requests for electronic drawing files and material reports; attend to matters relating to accessories for a customer shipment; coordinate vacating Progressive Way premises and payment of contractors; discussion with liquidators regarding marketing materials and review of same; attend to IT and server matters.	3.0
Jan 30	Attend to customer and their legal counsel requests for electronic drawing files and material reports; attend to matters relating to accessories for customer shipment and request from customer to pick up component; coordinate vacating Progressive Way premises; attend to payment of contractors; respond to customer requesting purchase of equipment.	2.0

Jan 31	Attend site to check on vacating Progressive Way premises, retention of books and records, consolidating computer equipment and promotional materials; discussions with landlord; discussion with customer's legal counsel regarding obtaining additional electronic files and search for relevant information; discussions with liquidator regarding logistics of the auction.	7.5
Feb 1	Discussion with customer's legal counsel regarding obtaining additional drawings and discussion with former employee regarding same; draft bill of sale and release for sale of equipment; discussion with liquidator regarding marketing strategy and promotional materials and review of same; correspondence with CRA regarding retention of books and records after an acquisition.	4.5
TOTAL – V. Chan		**34.5 hrs.**

M. Lee		**Hrs.**
Jan 21	Respond to former employees regarding WEPP applications and proofs of claim forms; attend to correspondence regarding server backup.	5.5
Jan 22	Respond to former employees regarding WEPP applications, proofs of claim forms and T4s; attend to 30-days goods matters; respond to general creditor enquiries; attend to correspondence with landlord.	4.5
Jan 23	Respond to former employees regarding WEPP application and proofs of claim forms; respond to Service Canada regarding request for employee information; attend to correspondence regarding utilities matters.	2.5
Jan 24	Coordinate and attend to correspondence regarding server backup and Progressive Way office move out; respond to former employees regarding WEPP applications and proofs of claim forms.	2.5
Jan 25	Respond to former employees re WEPP applications and proofs of claim forms.	2.0
Jan 28	Respond to former employees regarding WEPP applications, proofs of claim forms and T4s; review invoices and correspondence regarding same; attend to correspondence with [redacted] regarding possession of NSI inventory.	1.5

Jan 29	Attend to correspondence with landlords regarding move-out matters; review contractor invoice and correspondence regarding same; respond to employees regarding WEPP applications, proofs of claim forms and T4s; attend call with new tenant of Progressive Way regarding transition matters.	2.5
Jan 30	Respond to former employees regarding WEPP applications, proofs of claim forms and correspondence with Service Canada regarding same; respond to landlord regarding occupation rent and other matters; attend to correspondence regarding utilities and rents.	1.5
Jsn 31	Review invoices; respond to former employees regarding WEPP applications and T4 matters.	1.0
Feb 1	Respond to former employees regarding WEPP applications, proofs of claim forms and T4s; attend to correspondence with landlords and coordinate site visits; coordinate return of leased forklifts; review contractor and utilities invoices; attend to correspondence regarding server reconnection and obtaining engineering drawings.	3.0

TOTAL – M. Lee **26.5 hrs.**

M. Cheung		**Hrs.**
Jan 21	Submit employee WEPP claims.	0.2
Jan 22	Submit employee WEPP claims.	1.5
Jan 23	Submit employee WEPP claims.	0.3
Jan 24	Calls with utilities regarding receivership accounts and invoices.	0.3
Jan 29	Calls with utilities regarding cancellation of accounts; attend to WEPP matters.	1.5
Jan 30	Emails with former employees regarding their proofs of claim; amend WEPP claims.	0.3
Feb 1	Calls with utilities regarding invoices and account cancellation.	1.3

TOTAL – M. Cheung **5.4 hrs.**

A&M

Alvarez & Marsal Canada Inc.
Licensed Insolvency Trustees
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

February 20, 2019

Royal Bank of Canada
222 Bay Street, 24th Floor
Toronto, Ontario M5K 1G8

Attention: Mr. Gary Ivany, Senior Director, Group Risk Management

DME LIMITED PARTNERSHIP, ET AL (collectively, the "Company")
RE: INVOICE #6 – 818344A and 818344B

For professional services rendered in our capacity as Court-appointed Receiver pursuant to the Receivership Order dated November 26, 2018, for the period February 3 to 16, 2019.

BILLING SUMMARY

	Hours	Rate	Total
Charlottetown/Head Office			
A. Hutchens, Managing Director	9.6	$860	$8,256.00
J. Nevsky, Senior Director	64.4	$645	41,538.00
R. Gruneir, Senior Associate	69.1	$450	31,095.00
A. Singels-Ludvik, Associate	6.4	$325	2,080.00
J.L. Ip, Analyst	11.6	$325	3,770.00
	161.1		$86,739.00
Abbotsford			
A. Tillman, Managing Director	1.0	$750	$750.00
V. Chan, Director	28.0	$465	13,020.00
M. Lee, Senior Associate	12.6	$375	4,725.00
M. Cheung, Administrator	1.6	$175	280.00
	43.2		$18,775.00
	204.3		$105,514.00
Voluntarily reduced to:			$96,077.00
Add: Out of pocket expenses including airfare, hotel, travel costs and meals			7,081.40
			$103,158.40
Add: HST @ 13%			13,410.59
TOTAL INVOICE			**$116,568.99**

Mailing Instructions:
Alvarez & Marsal Canada Inc.
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank:	TD Canada Trust
Account Name:	Alvarez & Marsal Canada ULC
Swiftcode:	TDOMCATTTOR
Bank Address:	55 King Street West Toronto, ON
Bank Transit #:	10202
Institution #:	0004
Account #:	5519970
Reference #:	DME Limited (818344A/B) – Inv. #6
HST#:	83158 2127 RT0001

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – February 3 to 16, 2019

Charlottetown/Head Office

A. Hutchens		**Hrs.**
Feb 4	Prepare for and attend teleconference with Cox & Palmer on the draft Asset Purchase Agreement for the DME Charlottetown assets (the "Charlottetown APA").	2.8
Feb 5	Internal discussion on open receivership matters and ongoing purchaser due diligence; review the revised draft black-lined Charlottetown APA incorporating comments from the Receiver and Cox & Palmer and internal discussion/emails with Cox & Palmer on same.	1.6
Feb 7	Emails with Cox & Palmer on the draft Charlottetown APA; internal discussions on open receivership matters; review and finalize disbursements.	0.7
Feb 8	Review the revised draft black-lined Charlottetown APA, incorporating comments from the Purchaser and Cassels Brock and internal discussion/emails with Cox & Palmer on same; internal update discussion on the status of the Charlottetown APA and related matters.	1.5
Feb 11	Internal discussion and emails on tomorrow's meeting with [redacted].	0.3
Feb 12	Internal discussion to prepare for today's meeting with [redacted] and discussions/emails throughout the day regarding the Charlottetown APA.	0.7
Feb 13	Internal discussions and emails throughout the day regarding the Charlottetown APA.	0.8
Feb 14	Review and revise the draft Second Report of the Receiver and internal emails to finalize same for service.	1.0
Feb 15	Internal discussion on open receivership matters.	0.2
TOTAL – A. Hutchens		**9.6 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – February 3 to 16, 2019

J. Nevsky		**Hrs.**
Feb 4	Review purchaser's mark-up of the Charlottetown APA and [redacted] & Palmer; correspondence with ASM customer to organize pick-up of equipment; review of normalized working capital analysis and discussions with J. Ip on same; teleconference with the purchaser of ASM regarding transaction closing and transition arrangements; review of DME projects analysis and upload to data site; discussions with AESI regarding scheduling and invoicing matters; teleconference with A. Hutchens and Cox & Palmer to [redacted], discussion with [redacted] regarding supplier issue and reconciliation of pre-paid balance; call with [redacted] and customer to negotiate final payment and delivery of equipment.	8.2
Feb 5	Review of Workplace Safety account summary and correspondence with WCB; diligence call with DME management and [redacted]; call with customer regarding outstanding balance; call with [redacted] and [redacted] call with [redacted] and [redacted] to discuss ASME licenses and process to maintain certification post-transaction and calls with [redacted] and ASME; call with [redacted] regarding invoice dispute and transition process related to transaction; call with [redacted] and [redacted] regarding inventory count and reconciliation process; review of AR subledgers and discussions with J. Ip regarding same.	5.7
Feb 6	[redacted] to Cox & Palmer; discussions with R. Gruneir regarding inventory counts, open diligence, cash flow forecast and other receivership matters; review of inventory purchase requests and discussions with M. Ryan on same; call with P. Williams regarding [redacted], real estate issue and related transaction items; discussions and correspondence with customers regarding shipping equipment and open AR balances; review of inventory count schedules and discussion with R. Gruneir regarding same.	5.4

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – February 3 to 16, 2019

Feb 7	Discussions with R. Gruneir regarding project analysis and open diligence items; correspondence with [redacted] and customer to settle account balance; call with [redacted] to discuss delivery and fabrication schedules; call with [redacted] to review normalized working capital schedule and pro-forma opening balance sheet; call with DME management and [redacted] to discuss project analysis, opening balance sheet and other open diligence items; call with [redacted] regarding invoice disputes and follow up discussions with [redacted] regarding same; call with V. Chan to discuss Abbotsford liquidation and receivership matters; correspondence with [redacted] regarding payroll detail and Workplace Safety forms; discussions with P. Williams regarding lease disclaimer; correspondence with [redacted] regarding ASME certifications.	6.4
Feb 8	Review of further marked-up APA from [redacted] and discussions with Cox & Palmer regarding same; teleconference with [redacted] and ASME on transition matters post-transaction; teleconference with [redacted] and respective legal counsel regarding APA mark-up; follow-up discussions with [redacted] on diligence and ongoing operational items; review of cash flow results and forecast and related discussions with R. Gruneir; correspondence with customer regarding shipment and account status; review of working capital analysis and pro-forma balance sheet.	5.5
Feb 11	Emails with customers regarding status of equipment and drafting communications regarding product in China; emails with [redacted] to address diligence requests and transaction questions; call with [redacted] to review pro-forma balance sheet and working capital requirements; drafting of the Receiver's Second Report to Court and discussions with R. Gruneir regarding same; discussions with [redacted] regarding IT diligence items; discussions with [redacted]. Williams regarding APA mark-up and ongoing receivership matters.	8.0
Feb 12	Prepare agenda of items for meetings with [redacted] and their counsel and discussions with Cox & Palmer on same; further drafting of Receiver's Second Report to Court; attend meetings throughout the day with Cox & Palmer, [redacted] and their counsel in connection with final negotiations of APA and related matters; discussions with G. Cooper [redacted]; emails with RBC regarding ongoing negotiations; call with [redacted] regarding production schedule and invoicing matters.	9.2

Feb 13	Attend meetings throughout the day with Cox & Palmer, [redacted] and their counsel for final APA negotiations; discussions with G. Cooper regarding the ongoing negotiations with Ziemann; discussions with R. Gruneir, [redacted] and [redacted] to finalize APA schedules; finalize and execute APA with [redacted] finalize Receiver's Second Report to Court and discussions with A. Hutchens regarding same.	5.6
Feb 14	Teleconference with P. Williams and G. Cooper to review and discuss [redacted]; discussion with R. Gruneir regarding employee communications; emails with customers regarding equipment deliveries and collection of AR; further review and comment on draft Court materials prior to finalizing; coordinate posting of Court materials to Receiver's case website.	5.4
Feb 15	Discussions with P. Williams regarding [redacted]r, [redacted] and other receivership matters; call with legal counsel to a customer to finalize equipment purchase agreement; discussions with legal counsel to release remaining escrow funds in connection with equipment sale; review of cash flow forecast with R. Gruneir and discussions with A. Hutchens regarding same; attend meetings with [redacted] regarding operations during period prior to closing.	5.0

TOTAL – J. Nevsky **64.4 hrs.**

R. Grunier		**Hrs.**
Feb 5	Respond to customer and creditor inquiries; email with A. Singels-Ludvik to obtain bank activity from previous week; emails with customers to obtain supporting information; teleconference with DME Management, purchaser and J. Nevsky regarding diligence items; meeting with M. Ryan regarding a demand for repossession of goods; review payroll with [redacted] and approve for payment; review vendor invoices and approve for payment; correspondence with A. Singels-Ludvik regarding several disbursements; meeting with [redacted] on purchaser diligence items; review draft inventory count workbook.	6.7

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – February 3 to 16, 2019

Feb 6	Respond to customer and creditor inquiries; emails with A. Singels-Ludvik to process payment for prior week's payroll; prepare schedule to outline variances between LOI inventory and inventory count and send to J. Nevsky for review; call with J. Nevsky on inventory count; begin preparation of inventory workbook to bridge LOI inventory to February inventory per system and inventory count; meeting with [redacted] to prepare [redacted] report to outline which projects inventory was allocated to; several revisions to inventory bridge workbook; isolate larger variances in inventory count and investigate; update workbook to reflect final inventory schedule provided by [redacted].	9.4
Feb 7	Respond to customer and creditor inquiries; emails with P. Williams regarding a customer; meet with Eastern Fabricators to assign vehicle permits; meet with [redacted] and [redacted] regarding inventory bridge and outstanding items; review scrap inventory to ensure excluded from inventory schedules; meet with [redacted] regarding DME and NSI AR subledger and assess collectability of accounts; emails with J. Nevsky and J. Ip to provide AR workbook and outline requirements; meet with customer to sell obsolete tank; call with purchaser and J. Nevsky on diligence checklist and other APA matters; call with customer to discuss payment requirements; meet with purchaser to discuss project analysis; review inventory schedules provided by [redacted] and update inventory bridge workbook.	8.5
Feb 8	Meet with [redacted] to discuss inventory matters; provide copy of inventory bridge workbook, updated to reflect [redacted] comments to [redacted] and [redacted] to continue review; update workbook to explain variances due to WIP allocations; emails with J. Nevsky regarding inventory; call with J. Nevsky to discuss project analysis and inventory variances; review project summary provided by purchaser and reconcile to master schedule; discussion and emails with J. Nevsky on inventory reconciliation.	8.6
Feb 9	Update inventory bridge workbook for further updates; emails with D. Green and M. MacDonald to provide finalized inventory bridge workbook and to adjust for WIP projects that will not be completed.	2.3
Feb 10	Call with J. Nevsky to discuss schedule to be sent to purchaser; update schedule and covering email based on J. Nevsky comments and send note to buyer.	1.2

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – February 3 to 16, 2019

Feb 11	Coordinate retrieval of personal belongings of former employees; emails with A. Singels-Ludvik to obtain bank activity for prior two weeks; review emails related to Loris inventory and provide to J. Nevsky for review; emails with A. Singels-Ludvik to process several payments; emails with management related to inventory add backs; prepare cash flow forecast to update actuals for previous two weeks and revised estimates to close and emails with J. Nevsky on same.	7.8
Feb 12	Review emails related to DME receivership and respond accordingly; prepare R&D schedule required for Court report; calls with J. Nevsky to discuss APA and other matters; correspondence with [redacted] regarding approved expenses and payroll processing; emails with [redacted] regarding insurance; review several schedules related to APA and update same.	6.3
Feb 13	Call with J. Nevsky to discuss open APA matters; tour manufacturing plant with [redacted] to verify fixed assets included in the APA schedule; review all of the schedules to be included in the APA and update based on additional information; emails with A. Singels-Ludvik to process payroll for the previous week; draft and send email to purchaser with all of the APA schedules and noted changes; teleconference with purchaser, J. Nevsky and [redacted] regarding final diligence points; call with J. Nevsky and purchaser to discuss project status; final updates to APA schedules and circulate same to purchaser and J. Nevsky.	7.4
Feb 14	Prepare schedule of all cash receipts from receivership appointment date to present for HST purposes; call with customer and [redacted] to determine how to proceed; call with J. Nevsky to discuss several matters; meet with buyer to discuss ASME requirements and status; meet with all employees to provide update on sales process and answer questions; coordinate shipments for several customers and provide update to [redacted].	5.4
Feb 15	Emails with purchaser on APA schedules; correspondence with [redacted] regarding HST schedule; meet with [redacted]. Nevsky regarding cash flow forecast and update based on current information; prepare schedule to outline proceeds available for distribution and send to J. Nevsky for review and make final edits to same; emails to customers to follow-up on payment, review receiver's inbox and respond to inquiries.	5.1
Feb 16	Call with J. Nevsky on inquiry from purchaser; emails with purchaser regarding Loris inventory.	0.4
TOTAL – R. Gruneir		**69.1 hrs.**

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – February 3 to 16, 2019

A. Singels-Ludvik		**Hrs.**
Feb 4	Process invoices for payment; prepare/process wire transfer forms; call from RBC to confirm same; update R&D; internal emails on R&D matters; prepare bank reconciliations.	2.6
Feb 5	Process wire transfer from and telephone call from RBC to confirm same; update R&D.	0.2
Feb 6	Internal emails regarding payments required; process wire transfer form to fund payroll to ADP; update R&D; internal emails on R&D matters.	0.4
Feb 8	Internal emails regarding HST; discussions regarding pre and post-filing HST collections and review/update R&D.	1.0
Feb 11	Prepare bank reconciliation; emails regarding incoming receipts; call to RBC to confirm same; process wire transfer form to ADP for T4 preparation; update R&D.	1.0
Feb 13	Process wire transfer forms to pay invoices and call from RBC to confirm same; update R&D.	0.4
Feb 14	Further discussions/emails regarding HST and review R&D regarding same.	0.8
TOTAL – A. Singels-Ludvik		**6.4 hrs.**

J.L. Ip		**Hrs.**
Feb 4	Review of project analysis documents and post to sale process virtual data room; discussion with telecommunications provider to transfer ASM accounts to purchaser; email correspondence with utility provider to arrange delivery; finalize and review net working capital schedule with J. Nevsky.	3.0
Feb 5	Call with [redacted] regarding approach to collecting DME and NSI AR; discussions and emails with DME and NSI customers to collect AR.	1.9
Feb 6	Review of insurance documents and post to Sale Process virtual data room; discussions and emails with DME and NSI customers to collect AR; update schedule of outstanding DME and NSI AR.	2.3
Feb 7	Call with D. Bruce regarding outstanding DME and NSI receivables; discussions and emails with DME and NSI customers to collect AR.	1.5

Feb 8	Discussions and emails with DME and NSI customers to collect AR; update schedule of outstanding DME and NSI AR and review of same with J. Nevsky.	1.1
Feb 11	Call with [redacted] and emails with R. Young regarding status of a customer order.	0.3
Feb 12	Discuss Charlottetown APA with [redacted], emails with DME and NSI customers to collect AR.	1.5
TOTAL – J.L. Ip		**11.6 hrs.**

Abbotsford

A. Tillman		**Hrs.**
Feb 16	Attend to various emails and internal calls regarding Abbotsford sale matters.	1.0
TOTAL – A. Tillman		**1.0 hr.**

V. Chan		**Hrs.**
Feb 4	Discussions with a customer's legal counsel regarding obtaining additional drawings and associated costs and discussions with former employees regarding same, including logistics and estimated costs and equipment needed; correspondence with auctioneer regarding inquiries from interested parties; discussion with consultant regarding packaging of intellectual property, marketing materials and servers, customer equipment on shop floor, removal of hazardous chemicals, etc.	3.5
Feb 5	Review renewal of insurance policy; discussion with consultant regarding computer hardware required for customer documents; review invoices submitted; update analysis of work-in-progress and collections; discussions with liquidators regarding auction process.	3.0

Feb 6	Review of outstanding Ar and provide commentary to [redacted] and A&M team; review invoices submitted; attend to reclamation of third-party goods matters; attend to customer-related matters and obtaining requested information and discussions on same; discussions with liquidators regarding auction; discussion with consultant regarding open matters.	3.0
Feb 7	Internal call regarding Charlottetown sale, logistics of Abbotsford auction and discussion with potential buyer of DME regarding same; coordinate with consultant on logistics of shipping of servers and documents; follow-up on invoices and related services; correspond with customer's legal counsel regarding costs and files obtained for project; coordinate shipment of customer's equipment accessories; correspond with customer regarding payment on equipment and prepare bill of sale and release letter; follow-up on inquiry relating to possible reclamation of property; review and coordinate with liquidator marketing materials for auction; attend to payment of invoices.	5.0
Feb 8	Review insurance extension policy and request summary of changes; correspond with potential buyer of DME regarding auction information and shipment of servers and intellectual property and related logistics; review of liquidator's marketing materials; respond to customer inquiry; internal correspondence regarding reconciliation of receivable account; upload files for customer project; attend to deposit of receipts; attend to utilities matters.	3.0
Feb 11	Follow-up on sale of customer equipment, revised bill of sale and release and provide payment information; attend to customer and auction-related inquiries; attend to equipment on-site and ownership; follow-up on insurance extension and coverage changes; attend to reclamation of property claims; review disclaiming of leases and preparation of letters to landlords.	3.5
Feb 12	Review of invoices for payment; review of insurance extension policy; respond to customer inquiries; attend to matters relating to disclaiming of property leases; discussion with consultant regarding disposal of chemicals, shipment of customer equipment, reclamation of property claims and other matters.	2.5
Feb 13	Provide update to liquidators regarding customer tanks and usage of servers; discussion with consultant regarding disposal of chemicals, shipment of customer equipment, reclamation of property claims and other matters; follow-up on specific insurance policy coverage; follow-up with Technical Safety BC and logbook requests.	2.0

Feb 14	Review of invoices for payment; review of Court application; consider and discuss with customer, consultant and shipper regarding the coordination of equipment shipment; disclaiming landlord leases.	2.0
Feb 15	Discussion with consultant regarding disposal of chemicals, shipment of customer equipment and pallet of accessories, vacating premises and other matters.	0.5
TOTAL – V. Chan		**28.0 hrs.**

M. Lee		**Hrs.**
Feb 4	Respond to former employees regarding WEPPA application and T4 inquiries; review of books and records and review options for removal and storage of same; attend to correspondence regarding server reconnection and discussion of fees regarding same.	2.0
Feb 5	Respond to employees regarding WEPPA application and correspondence with Service Canada regarding same.	0.5
Feb 6	Respond to former employees regarding WEPPA application and correspondence with Service Canada regarding same; attend to correspondence regarding return of gas cylinders; respond to landlord inquiries.	2.0
Feb 7	Respond to former employees regarding WEPPA application; respond to creditors inquiries.	2.0
Feb 8	Respond to former employees regarding WEPPA application and proofs of claim forms; correspondence with landlord regarding condition of premises; attend to correspondence regarding reclamation of property.	1.5
Feb 11	Respond to employees regarding WEPPA; attend to correspondence regarding 30-day goods claim.	1.0
Feb 12	Call with supplier regarding cylinders and other assets; respond to former employees regarding WEPP claims; draft letters to landlords to disclaim leases.	2.0
Feb 13	Respond to creditors regarding reclamation of property; respond to former employees regarding WEPPA application.	0.8
Feb 14	Attend to WEPPA matters and reclamation of property matters.	0.3

Feb 15	Respond to former employees regarding WEPPA application; attend to correspondence regarding vehicle registrations.	0.5
TOTAL – M. Lee		**12.6 hrs.**

M. Cheung		**Hrs.**
Feb 4	Submit amended WEPP claims; respond to former employees on same.	0.5
Feb 5	Submit amended WEPP claims; respond to former employees on same.	0.3
Feb 8	Review invoices for payment; deposit cheques.	0.5
Feb 14	Review invoices and send to A&M Toronto for payment.	0.3
TOTAL – M. Cheung		**1.6 hrs.**

Alvarez & Marsal Canada Inc.
Licensed Insolvency Trustees
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

March 28, 2019

Royal Bank of Canada
222 Bay Street, 24th Floor
Toronto, Ontario M5K 1G8

Attention: Mr. Gary Ivany, Senior Director, Group Risk Management

DME LIMITED PARTNERSHIP, ET AL (collectively, the "Company")
RE: INVOICE #7 – 818344A and 818344B

For professional services rendered in our capacity as Court-appointed Receiver pursuant to the Receivership Order dated November 26, 2018, for the period February 17 to March 23, 2019.

BILLING SUMMARY

	Hours	Rate	Total
Charlottetown/Head Office			
J. Nevsky, Senior Director	33.9	$645	$21,865.50
R. Gruneir, Senior Associate	71.8	$450	32,310.00
A. Singels-Ludvik, Associate	13.4	$325	4,355.00
	119.1		$58,330.50
Abbotsford			
V. Chan, Director	30.5	$465	$14,182.50
M. Lee, Senior Associate	23.8	$375	8,925.00
M. Cheung, Administrator	4.3	$175	752.50
	58.6		$23,860.00
	177.7		$82,390.50
Voluntarily reduced to:			$65,000.00
Add: Out of pocket expenses including airfare, hotel, telephone, travel costs and meals			8,332.55
			$73,332.55
Add: HST @ 13%			9,533.23
TOTAL INVOICE			$82,865.78

Mailing Instructions:
Alvarez & Marsal Canada Inc.
Attn: Audrey Singels-Ludvik
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
P.O. Box 22
Toronto, ON M5J 2J1

Wiring Instructions:

Bank:	TD Canada Trust
Account Name:	Alvarez & Marsal Canada ULC
Swiftcode:	TDOMCATTTOR
Bank Address:	55 King Street West Toronto, ON
Bank Transit #:	10202
Institution #:	0004
Account #:	5519970
Reference #:	DME Limited (818344A/B) – Inv. #7
HST#:	83158 2127 RT0001

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – February 17 to March 23, 2019

Charlottetown/Head Office
J. Nevsky

		Hrs.
Feb 19	Call with [redacted] and [redacted] regarding production and shipping schedules; prepare response to legal letter received from customer in connection with disputed AR balance; emails with customers regarding status of equipment and AR; discussion with representatives from [redacted] regarding operations during transition period; discussions with R. Gruneir regarding cash flow forecast; call with R. Gruneir and DME employee regarding services contract; call with D. Green regarding inventory reconciliation and other matters to address during transition period.	3.5
Feb 20	Call with [redacted] and [redacted] regarding closing matters, operations during transition period and other transaction related items; review of customer AR balance and discussions with R. Young regarding settlement; call with Cassels Brock regarding transaction closing checklist and related matters.	2.2
Feb 21	Discussions with [redacted] and [redacted] regarding [redacted] invoices and account status; discussions with [redacted] and [redacted] regarding transaction closing and transition period matters; emails with [redacted] in connection with ASME and PEI manufacturing licenses and required forms; discussions with R. Gruneir regarding reconciliations of AR and cash flow forecast.	2.4
Feb 22	Meeting with [redacted] and [redacted] regarding transaction closing and transition matters; emails with representatives of [redacted] on account status; attend meeting at Cox & Palmer to discuss open receivership items and today's Court hearing; attend at Court for the Charlottetown sale approval motion.	7.0
Feb 25	Discussion with [redacted] on employee matters; discussions with R. Gruneir and [redacted] regarding final inventory purchases and vendor payments; correspondence with customers regarding final collections and deliveries and follow-up with [redacted] on same; correspondence with [redacted] regarding customer collections and reconciliation of accounts; discussion with P. Williams regarding asset purchase agreement and transaction closing.	2.5
Feb 26	Correspondence with [redacted] to reconcile and finalize certain customer accounts; discussions with [redacted] regarding Abbotsford liquidation process and transfer of intellectual property and books and records; discussions with [redacted] and review of final [redacted] invoicing details.	1.2

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – February 17 to March 23, 2019

Feb 27	Review of vendor invoices and discussions with [redacted] regarding same; discussions with [redacted] to settle and finalize account; call with P. Williams to discuss customer inquiries and draft communication regarding same; review of property tax details and discussions with R. Gruneir and [redacted] on same; discussions with [redacted] and [redacted] to schedule final customer deliveries.	1.0
Feb 28	Review of APA closing documents and discussions with G. Cooper and P. Williams on same; discussions with R. Gruneir regarding cash flow forecast and related closing matters; teleconference with customer and [redacted] regarding equipment deliveries; correspondence with [redacted] to finalize account.	2.2
Mar 1	Review of property tax details and discussions with R. Gruneir and [redacted] on same; discussions with P. Williams regarding transaction closing and related process/documents; discussions with management and [redacted] on operational transition matters.	1.6
Mar 4	Telecoference with Cox & Palmer regarding transaction closing matters; discussions with [redacted] and [redacted] to review final [redacted] invoices; discussions with R. Gruneir regarding transaction closing and related receivership matters; call with [redacted] regarding transaction closing; teleconference with Cox & Palmer, Cassels Brock and [redacted] regarding transaction closing matters; discussions with Cox & Palmer [redacted].	1.4
Mar 5	Discussions with P. Williams regarding closing of transaction and related matters; correspondence with customers regarding final deliveries; discussion [redacted] regarding [redacted] based vendor inquiries and communications plan.	1.8
Mar 6	Discussions with R. Gruneir regarding employee and transaction post-closing matters and final receivership tasks; discussions with [redacted] regarding operational transition and employee items; discussions with [redacted] regarding tax matters.	1.8
Mar 11	Discussions with R. Gruneir regarding remaining receivership tasks; emails to respond to customer and supplier inquiries; emails with vendors to close service accounts.	0.8
Mar 12	Emails with customers and suppliers on final receivership matters; call with [redacted] regarding transition matters.	0.5
Mar 13	Emails to respond to customer and supplier inquiries.	0.4

A&M

Mar 15	Discussion with [redacted] regarding transition matters; emails to respond to customer and supplier inquiries.	0.8
Mar 19	Emails to respond to customer and supplier inquires and discussions with R. Gruneir regarding same.	1.5
Mar 21	Emails to respond to customer and supplier inquires and discussions with R. Gruneir regarding same.	0.8
Mar 22	Discussions with P. Williams regarding remaining receivership tasks.	0.5
TOTAL – J. Nevsky		**33.9 hrs.**

R. Grunier		**Hrs.**
Feb 19	Correspondence with [redacted] regarding payroll; emails with a supplier on a demand for repossession of goods; correspondence with customer regarding equipment and prior receivables; provide update to A. Hutchens on insurance credit and emails with insurance broker regarding same; meet with J. Nevsky on completion tasks; call with [redacted] regarding go-forward plans, etc.; review schedule provided by [redacted] for HST purposes; review payroll register provided by [redacted].	5.1
Feb 20	Respond to customer and creditor inquiries; call with customer to finalize receivable balances and organize payment and shipment of equipment; internal emails on prior week's payroll; correspondence with supplier regarding invoices; call with J. Ip to review receivable balances and collections to date; update cash flow forecast; discussion and emails with [redacted] regarding AR status; emails with [redacted] and [redacted] regarding inventory and provide Syspro reports.	7.2
Feb 21	Emails to customers with finalized schedules and statements for payment; internal emails on disbursements for the week; call with supplier to discuss demand for repossession of goods; review EDC schedules prepared by [redacted] and send follow-up questions; review Syspro reports provided by [redacted] and emails to follow-up on questions.	5.8
Feb 22	Internal emails on purchased AR and other matters; emails with M. [redacted] and [redacted] to prepare letter to customer regarding equipment status; emails with [redacted] on payroll matters; coordinate posting of documents to case website.	3.4

DME Limited Partnership – 818344A and 818344B
DETAILED SUMMARY – February 17 to March 23, 2019

Feb 25	Meeting with J. Nevsky on open receivership items; prepare letter to logistics provider; discussion and emails with [redacted] on materials to be purchased; prepare analysis of changes in inventory from the count date to February 22.	6.5
Feb 26	Internal emails on disbursements; meeting with J. Nevsky on open receivership items; emails with supplier on invoices; review payroll register and approve for payment; correspondence with insurance broker regarding credit to be received.	6.3
Feb 27	Follow-up with customer regarding payment status; emails with [redacted] regarding HST stub period; internal emails on previous week's payroll; prepare schedule to outline HST payable; emails with [redacted] regarding T4s and ROEs; emails with [redacted]e on EDC analysis and requirement to prepare claim documents; update R&D to actualize for previous two weeks.	5.5
Feb 28	Emails with J. Ip on utilities disbursements; prepare purchase price calculation based on the Charlottetown APA; prepare support/calculations for all adjustments; review go-forward employees and ensure that they were included in previous payroll registers; emails with [redacted]ld on updated inventory [redacted] reports; meeting with J Nevsky to review purchase price calculation, update as required and emails with Cox & Palmer on same.	5.3
Mar 1	Internal emails on disbursements; call with management on open items; prepare BOS and release for customer and coordinate shipment; update Charlottetown purchase price calculation; calls with Cox & Palmer ~~regarding property tax adjustment for purchase price calculation~~; finalize purchase price calculation and distribute to purchaser and Cassels Brock for review; call with insurance broker on long-tail coverage options.	5.0
Mar 3	Correspondence with [redacted] regarding inventory reports; prepare inventory bridge to identify variances between Syspro reports.	1.7
Mar 4	Finalize inventory bridge and provide to J. Nevsky for review; teleconference with J. Nevsky and Cox & Palmer to review closing agenda; call with J. Nevsky and [redacted] to discuss open items and closing agenda; call with [redacted] to discuss payroll; internal discussions regarding HST remittances; update schedule to outline HST payable; call with DME supplier to discuss form 75 demand for repossession status; preparation of supplier schedule to ensure service contacts updated to NewCo; update cash flow forecast to reflect prior week's actuals and changes to forecast estimates.	4.6

A&M

Mar 5	Finalize inventory schedule and send to the [redacted] for their review; correspondence with management for update on project status; teleconference with customer to finalize payment amounts; prepare schedule to outline required disbursements and send to A. Singels-Ludvik for processing; emails with Cassels Brock regarding wire instructions for final payment.	4.3
Mar 6	Emails and calls with customer on appropriate payment; preparation of final release for customer signature; track bank account activity to ensure funds received; emails with customer to coordinate payment; prepare email to A. Hutchens and J. Nevsky regarding HST liability; emails with A. Hutchens regarding HST.	3.3
Mar 7	Emails with [redacted] to clarify which business NSI transacted under; obtain copy of tax returns and send to A. Hutchens.	1.4
Mar 11	Review payroll registers to determine monthly salary; finalize service provider schedule and send to [redacted] to update accounts as required; contact several service providers to update account information; review payroll register and approve for payment; respond to several creditor inquiries.	3.4
Mar 12	Respond to customer and creditor inquiries.	0.6
Mar 13	Emails with Eastern Fabricators to obtain information regarding ASM; call with [redacted] and [redacted] to discuss several matters.	1.3
Mar 14	Emails with [redacted] on a specific vendor; correspondence with utility providers to obtain revised statements of account; call with M. [redacted] and [redacted] on vendor and other matters.	0.8
Mar 15	Respond to inquiries from purchaser of ASM.	0.3
TOTAL – R. Gruneir		**71.8 hrs.**

A. Singels-Ludvik		**Hrs.**
Feb 19	Process invoices for payment; update Schedule of Receipts and Disbursements ("R&D"); internal emails on R&D matters; prepare bank reconciliations.	2.2
Feb 20	Internal emails regarding disbursements; process wire transfer to ADP to fund payroll; update R&D; internal emails on R&D matters.	1.0
Feb 21	Process invoices for payment and update R&D.	1.2

Feb 22	Process invoice for payment and update R&D.	0.2
Feb 27	Internal emails regarding disbursements; process wire transfer to ADP to fund payroll; update R&D.	0.4
Feb 28	Process invoices for payment and update R&D.	1.4
Mar 1	Process invoices for payment; update R&D; internal emails on R&D matters; prepare bank reconciliations.	1.8
Mar 3	Internal emails regarding disbursements; prepare bank reconciliations.	1.0
Mar 5	Process cheques received for deposit and update R&D.	0.2
Mar 6	Internal emails regarding disbursements; process wire transfer to ADP to fund payroll; update R&D.	0.5
Mar 7	Process invoices for payment and update R&D.	0.2
Mar 8	Process invoices for payment and update R&D.	0.5
Mar 13	Internal emails regarding disbursements; process wire transfer to ADP to fund payroll; update R&D.	0.5
Mar 18	Process invoices for payment and update R&D.	2.1
Mar 21	Process invoice for payment and update R&D.	0.2
TOTAL – A. Singels-Ludvik		**13.4 hrs.**

Abbotsford

V. Chan		**Hrs.**
Feb 20	Follow-up on payment for sale of customer equipment; review marketing materials and respond to [redacted]; attend to matters relating to shipment of servers.	1.0

Feb 21	Attend to customer payment matters; correspond with customer and shipper regarding shipment of equipment; discussion with contractor regarding timing of shipments of customer equipment and servers and IP to PEI including photos and coordination; correspond with auctioneers regarding logistics of sale and other matters; review correspondence from legal counsel of a third-party with company goods; follow-up on customer equipment stored on site; review retention of books and records.	3.0
Feb 22	Attend to customer equipment matters; correspondence with M. de Jong and others regarding shipment of servers, IP and books and records of NSI; attend to storage of books and records of NSI; follow-up on landlord's inquiries regarding overhead cranes; correspondence with contractor regarding various matters.	2.5
Feb 25	Call with contractor regarding upcoming auction and other matters; follow-up with DME regarding accounting records and coordinate storage of records per CRA regulations.	1.0
Feb 26	Reconcile AR balance with payment received; attend company site for first day of auction; review materials and records to be sent to PEI and coordinate site visit by [redacted]; prepare invoice for customer.	6.0
Feb 27	Correspondence with contractor and [redacted] regarding site visit; correspondence with auctioneers regarding Day 1 update and preliminary calculation of allocation of proceeds to Receiver; respond to landlord inquiries; follow-up on customer's heat exchanger.	2.5
Feb 28	Respond to AR and project inquiries; update with contractor regarding [redacted]'s review of records and certain purchases in auction; attend to utilities and cancellation; review and approve invoices.	2.0
Mar 1	Follow-up on auction proceeds and estimated recovery to Receiver; attend to customer equipment and sale; update with contractor regarding vacating premises, internet, shipment of records to PEI and retrieval of auction and customer equipment; follow-up on receipts; attend to landlord matters and security deposits.	3.0
Mar 4	Follow-up on payment from customer; consider employment and other records to be maintained by Receiver.	0.5
Mar 5	Review landlord security deposit letters; attend to accounting of auction proceeds; review invoices for payment; follow-up on payment from customers; consider employment records to be kept by Receiver; attend to return of third-party equipment.	1.5

Mar 6	Correspondence with landlord regarding customer equipment remaining on premises; coordinate retrieval and sale of yeast vessels for customer; correspondence with landlord regarding information request received for former employee.	1.5
Mar 7	Review invoices; inquire into obtaining information of former employer; discussion with contractor regarding auction and clean-up of premises.	0.5
Mar 8	Discussion with Infinity/Joiner regarding payment of net minimum guarantee, discussion with contractor regarding clean-up of premises, movement of equipment and pick-up on bank draft; consider security deposit and property taxes owing and correspondence with W. Skelly of same.	2.0
Mar 11	Consider lease deposits and correspondence with S. Skelly regarding same; attend to general administrative matters; status update on auction sales and vacating premises.	0.5
Mar 12	Respond to creditor inquiries; correspondence with contractor regarding auction sales and vacating premises.	0.5
Mar 13	Correspondence with tenant, landlord, contractor and auctioneer regarding vacating South Fraser Way; follow-up on auction proceeds.	0.5
Mar 15	Correspond with contractor and insurance broker regarding vacating premises and cancellation of insurance; follow-up on final accounting from auctioneer.	0.5
Mar 19	Respond to creditor inquiries; correspondence with contractor regarding auction sales and vacating premises.	0.5
Mar 22	Review final accounting from Infinity on net NSI auction proceeds and internal emails on same.	1.0
TOTAL – V. Chan		**30.5 hrs.**

M. Lee		**Hrs.**
Feb 19	Attend to vehicle registration matters; respond to former employees regarding WEPP applications.	1.0
Feb 20	Respond to former employees regarding WEPP applications and T4s; attend to reclamation of property matters; attend to correspondence regarding release of products from Aqua Flo.	1.5

Feb 21	Attend to correspondence with [redacted] regarding release of materials; attend to correspondence regarding reclamation of property; respond to former employees regarding WEPP applications and T4s; attend to correspondence with landlords; respond to creditors.	3.0
Feb 22	Respond to former employees regarding WEPP applications and T4s; review books and records and coordinate storage of same; attend to correspondence with [redacted] regarding gas cylinders; respond to creditors.	2.0
Feb 26	Respond to former employees regarding WEPP applications; respond to creditors.	1.0
Feb 27	Attend to correspondence with landlords regarding various matters including condition of premises and vacating of same.	0.5
Feb 28	Attend to WEPP matters; review utilities invoices and analyze go forward payables; respond to landlords regarding vacating premises.	1.0
Mar 1	Attend to correspondence with landlord regarding vacating premises and transition matters; review landlord lease and security deposits and draft letters regarding same; correspondence with Linde regarding release of cylinders.	1.5
Mar 4	Draft letters to landlords and internal discussion on same; attend to WEPPA matters; attend to matters regarding vacating premises; respond to creditors.	1.5
Mar 5	Draft letters to landlord regarding release of security deposits and internal discussions on same; respond to former employees re WEPPA applications and proof of claim assistance; attend call with Employment Standards Branch of PE re former employee complaint regarding severance; respond to landlord on transition of utilities.	1.5
Mar 6	Issue letters to landlords regarding release of security deposits; respond to former employees on WEPPA applications and T4s; attend call with Employment Standard Branch of PE to discuss complaint filed by former employees.	1.5
Mar 7	Respond to former employees on WEPPA applications and T4s; attend to correspondence with Fortis BC on utilities matters and receivership proceedings generally; review security monitoring invoice and coordinate return of equipment.	1.0

Mar 8	Respond to former employees re WEPPA applications and T4s; attend to correspondence with landlord re vacating premises and transition matters; attend to correspondence with [redacted] re recovery of propane tanks.	0.7
Mar 11	Respond to former employees re WEPPA applications and T4s; attend to correspondence with landlord re vacating premises.	0.3
Mar 12	Respond to former employees re WEPPA applications and T4s; attend call with Service Canada re same; respond to landlord re security deposits.	0.8
Mar 13	Attend to correspondence with landlords re vacating premises and transition matters; review and reconcile WEPP detailed accounts statement and correspondence with Service Canada re same.	3.0
Mar 14	Respond to former employees re WEPPA applications and T4s; attend to vacating premises and transition matters.	0.8
Mar 19	Respond to landlord; respond to former employees re WEPP applications and T4s.	0.2
Mar 21	Review invoices for payment; attend to correspondence with landlord; attend to correspondence with BC Employment Standards Branch re former employee complaint.	1.0
TOTAL – M. Lee		**23.8 hrs.**

M. Cheung		**Hrs.**
Feb 20	Calls and emails with former employees regarding WEPP claims; call with Service Canada regarding same.	0.5
Feb 21	Deposit cheque at the bank.	0.3
Feb 25	Emails with former employees regarding their POCs; amend WEPP claims.	0.3
Feb 27	Emails with former employees regarding their POCs; amend WEPP claims.	0.3
Feb 28	Review invoices and send for payment; calls with vendors regarding invoices; attend to online requests to cancel utility accounts; calls and emails with former employees regarding WEPP claims.	1.0

Mar 1	Submit WEPP claims and emails with Service Canada and former employees regarding same.	0.3
Mar 11	Calls and emails with former employees regarding their WEPP claims.	0.3
Mar 12	Deposit cheque at the bank; email correspondence with former employee regarding WEPP claim.	0.5
Mar 15	Review and send invoices for payment.	0.3
Mar 22	Review invoices and send for payment; deposit cheque at bank.	0.5
TOTAL – M. Cheung		**4.3 hrs.**

Tab 4

Court File No. S1 GS 28446

SUPREME COURT OF PRINCE EDWARD ISLAND
(GENERAL SECTION)

BETWEEN:

ROYAL BANK OF CANADA

APPLICANT

- and -

DME LIMITED PARTNERSHIP, DME GENERAL PARTNER INC., ATLANTIC SYSTEMS MANUFACTURING (2016) LTD., DME CANADA ACQUISITIONS INC. and DME US HOLDCO INC. as represented by Alvarez & Marsal Canada Inc., as Court Appointed Receiver

RESPONDENTS

AFFIDAVIT OF CHARITY HOGAN
(Sworn May 22, 2019)

I, CHARITY HOGAN, of the Town of Stratford, in the Province of Prince Edward Island, **MAKE OATH AND SAY:**

1. I am an associate of the law firm Cox & Palmer, legal counsel for Alvarez & Marsal Canada Inc., the Court appointed receiver (in such capacity, the "**Receiver**") of the assets, undertakings and properties of each of DME Limited Partnership, DME General Partner Inc., Atlantic Systems Manufacturing (2016) Ltd., DME Canada Acquisitions Inc. and DME US Holdco. Inc. (collectively, the "**DME Group**"). As such, I have knowledge of the matters hereinafter deposed to.

2. A&M was appointed as Receiver pursuant to an order of the Supreme Court of Prince Edward Island (General Section) (the "**Court**") dated November 26, 2018 (the "**Receivership Order**"). The Receiver retained Cox & Palmer as its counsel in these proceedings.

3. Pursuant to paragraphs 26 and 27 of the Receivership Order, the Receiver and its legal counsel are entitled to be paid their reasonable fees at their normal rates and charges, and are required to pass their accounts from time to time.

4. The legal counsel provided by Cox & Palmer to the Receiver included various court attendances, counsel on local jurisdictional matters, attendance to various counsel communications on behalf of creditors and suppliers, representing the Receiver in the sale(s) of certain assets and other general matters as required and at the direction of the Receiver.

5. Attached hereto and marked as **Exhibit "1"** to this my Affidavit is a summary (the "**Cox & Palmer Accounts Summary**") of the invoices rendered by Cox & Palmer (the "**Cox & Palmer Accounts**", and collectively, the "**Cox & Palmer Fees and Disbursements**") in respect of these proceedings for the period from November 30, 2018 to March 29, 2019 (the "**Application Period**"). The Cox & Palmer Accounts included itemization and totals for services rendered by Cox & Palmer partners, associates and staff, a summary of which and their hourly rates is attached hereto and marked as **Exhibit "2"** to this my Affidavit. As well, attached as **Exhibit "3"** to this my Affidavit, are copies of the Cox & Palmer Accounts, redacted for privileged, confidential, and commercially sensitive information.

6. Cox & Palmer expended a total of 335.1 hours in connection with this matter during the Application Period, giving rise to fees and disbursements totalling $116,253.37 comprised of fees of $95,071.50, disbursements of $6,056.14 and HST of $15,125.73, all of which are outlined in the Cox & Palmer Accounts Summary.

7. In addition to the approval of the legal fees incurred to date in these proceedings, Cox & Palmer is also seeking approval of fees and disbursements estimated to be incurred to complete the remaining activities as instructed by the Receiver to conclude the receivership proceedings (the "Remaining Activities").

8. Cox & Palmer estimates that its fees and disbursements in connection with the Remaining Activities will be no greater than $35,000.

9. This Affidavit is sworn in connection with a motion by the Receiver to the have the Cox & Palmer Fees and Disbursements in relation to these proceedings approved by this Court.

SWORN before me at the City of Charlottetown, in the Province of Prince Edward Island, on this 22 day of May, 2019.

Gwen Benjamin

A Commissioner for taking affidavits

Charity Hogan

CHARITY HOGAN

This is Exhibit “1” referred to in the

affidavit of Charity Hogan

sworn before me, this 22

day of May, 2019.

A Commissioner for Taking Affidavits

EXHIBIT "1"
COX & PALMER, COUNSEL TO THE COURT-APPOINTED RECEIVER OF
DME GROUP
(December 1, 2018 to March 29, 2019)

Invoice No.	Invoice Date	Invoice Period / Description	Total Hours	Fees	Disbursements	HST	Invoice Total ($CAD)
Receivership							
209077046	December 31, 2018	December 1, 2018 to December 31, 2018	107.9	$ 28,400.75	$ 1,551.60	$ 4,478.26	$ 34,430.61
209078031	January 31, 2019	January 1, 2019 to January 31, 2019	101.3	29,322.50	2,349.62	4,741.08	36,413.20
209079050	March 1, 2019	February 1, 2019 to March 1, 2019	88.10	25,847.00	1,537.34	4,100.15	31,484.49
209080211	April 1, 2019	March 4, 2019 to March 29, 2019	37.8	11,501.25	617.58	1,806.24	13,925.07
TOTAL			**335.1**	**$ 95,071.50**	**$ 6,056.14**	**$ 15,125.73**	**$ 116,253.37**

This is Exhibit "2" referred to in the

affidavit of Charity Hogan

sworn before me, this 22

day of May, 2019.

Gina Benjamin

A Commissioner for Taking Affidavits

EXHIBIT "2"
COX & PALMER, COUNSEL TO THE COURT-APPOINTED RECEIVER OF DME GROUP
(December 1, 2018 to December 31, 2018)

Staff Member	Title	Total Hours	Avg Rate ($CAD)	Amount Invoiced ($CAD)
George Cooper	Partner	10.3	$370.00	3,811.00
Pamela J. Williams	Partner	50.5	$320.00	16,144.00
Caitlin Mahoney	Associate	22.8	$230.00	5,244.00
Charity Hogan	Associate	10.4	$220.00	2,288.00
Jessica Gillis	Associate	0.5	$175.00	87.50
Heidi Schellen	Paralegal	0.2	$100.00	20.00
Hilary Card	Paralegal	0.8	$75.00	56.25
Andrea MacInnis	Admin Assistant	12.5	$60.00	750.00
Total Fees (excl. Disbursements and HST)		**107.9**	**Avg Rate $263.21**	**$28,400.75**

COX & PALMER, COUNSEL TO THE COURT-APPOINTED RECEIVER OF DME GROUP
(January 1, 2019 to March 29, 2019)

Staff Member	Title	Total Hours	Avg Rate ($CAD)	Amount Invoiced ($CAD)
George Cooper	Partner	60.3	$390.00	23,517.00
Karen A. Campbell	Partner	2.0	$340.00	680.00
Pamela J. Williams	Partner	96.5	$335.00	32,310.75
Charity Hogan	Associate	22.1	$235.00	5,193.50
Ben Howard	Associate	1.3	$225.00	281.25
Jessica Gillis	Associate	7.0	$190.00	1,330.00
Melanie McKenna	Articling Clerk	1.3	$140.00	182.00
Isabelle Keeler	Associate	6.8	$117.65	800.02
Katie MacDonald	Paralegal	1.5	$125.00	187.50
Heidi Schellen	Paralegal	1.1	$125.00	137.50
Andrea MacInnis	Admin Assistant	27.4	$75.00	2,051.25
Total Fees (excl. Disbursements and HST)		**227.2**	**Avg Rate $293.51**	**$66,670.77**
Grand Total Fees (excl. Disbursements and HST)		**335.1**	**Avg Rate $283.75**	**$95,071.52**

This is Exhibit “3” referred to in the

affidavit of Charity Hogan

sworn before me, this 22

day of May, 2019.

A Commissioner for Taking Affidavits

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Alvarez & Marsal Canada Inc.
Attention: Joshua Nevsky
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
Toronto, ON M5J 2J1

December 31, 2018
File #20028317-00003
Your Ref:
HST REG.#R122216708
Client # 20028317

Invoice #:209077046
FOR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THIS MATTER:
RE: Receivership of Diversified Metal Engineering

30 Nov 18	JG	Brief research re employer registration for workplace safety under WCB and other required employer registrations.	0.50 hrs.
01 Dec 18	PJW	To various email exchanges on issues re bill of sale; elenco; critical vendors; review of APA;	1.50 hrs.
01 Dec 18	PJW	Review APA; revising [redacted] contract;	2.00 hrs.
03 Dec 18	PJW	Finalize [redacted] agreement; communications on arbitration; conference with Josh Nevsky; consideration to various items;	3.00 hrs.
03 Dec 18	GLC	Review and comment upon various agreements and documents	1.00 hrs.
03 Dec 18	CH	Drafting Notices regarding certification and licensing;	1.20 hrs.
03 Dec 18	HC	Due diligence;	0.60 hrs.
03 Dec 18	AM	Further preparation and revisions to letter to Department of Communities, Land & Environment.	0.20 hrs.
03 Dec 18	AM	Preparation of letter to Arbitrator re receivership.	0.25 hrs.
03 Dec 18	AM	Further preparation and revisions to [redacted] agreement.	1.00 hrs.
03 Dec 18	AM	Preparation of draft letter to creditors re receivership order.	0.40 hrs.
04 Dec 18	PJW	To various communications on o/s items - [redacted]; [redacted]; reporting to working group; emails with Ivany; inspection communications;	3.50 hrs.
04 Dec 18	GLC	Emails to and from Receiver	0.20 hrs.
04 Dec 18	GLC	Conf call with Receiver	0.50 hrs.
04 Dec 18	CM	Exchange emails regarding DME Receivership and impending research regarding court order receivership and pending decisions;	0.20 hrs.
04 Dec 18	AM	Amending [redacted] Agreement.	0.40 hrs.
04 Dec 18	AM	Preparation of letter to Inspection Services re mechanical contractor's license.	0.30 hrs.
04 Dec 18	AM	Preparation of letter to Inspection Services re licensing and certification re Boilers and Pressure	0.30 hrs.

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		Vessels Act.	
05 Dec 18	PJW	To various emails; drafting of agreements; consideration to issues pending including customer inquires; confirmation of escrow at [redacted]; [redacted] agreement;	3.00 hrs.
05 Dec 18	CH	Drafting Escrow Agreement; revising Escrow Agreement;	1.20 hrs.
05 Dec 18	CM	Meet with George L. Cooper and discuss research assignment; commence researching [redacted] a [redacted];	3.50 hrs.
06 Dec 18	GLC	File review and conf call with P Williams [redacted] of [redacted]s	0.60 hrs.
06 Dec 18	PJW	To various matters on receivership - rental facility; communications with customers; conferencing with group; consideration to landlord issue;	2.75 hrs.
06 Dec 18	CH	Review regulations regarding ASME certification;	1.50 hrs.
06 Dec 18	CM	Continue researching and drafting memorandum regarding [redacted]; draft notes and memorandum regarding same;	4.70 hrs.
06 Dec 18	AM	Updating service list.	0.20 hrs.
07 Dec 18	PJW	To attend to various matters - emails, conferences re [redacted] creditor inquiries, purchaser inquirers; service list; landlord issue with [redacted];	3.50 hrs.
07 Dec 18	CM	Correspond with George L. Cooper regarding [redacted], attend teleconference with George L. Cooper and Pam Williams; commence drafting letter to former Justice O'Connor;	2.00 hrs.
07 Dec 18	AM	Updating service list.	1.00 hrs.
07 Dec 18	AM	Preparation of letter to [redacted] re access to property.	0.65 hrs.
07 Dec 18	AM	Email, via Titan, to William Skelly attaching court documents.	0.30 hrs.
09 Dec 18	GLC	Review and revise letter to D O'Connor	1.00 hrs.
09 Dec 18	CM	Draft letter summarizing research and responding to inquiry as to Receiver's position on the release of the decision; redraft, edit and revise letter and submit for review;	3.10 hrs.
10 Dec 18	GLC	File review re stay of proceedings, US issues and landlord and tenant issues	0.30 hrs.
10 Dec 18	PJW	To conference on various issues; finalize correspondence on stay; consider certification issue; tenancy issue;	2.50 hrs.
10 Dec 18	CM	Review letter regarding Receiver's position on the stay as a result of the Court order; redraft, edit and revise letter; send to Pamela Williams for review; make further changes;	0.30 hrs.

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10 Dec 18	AM	Finalizing correspondence to Arbitrator O'Connor re receivership.	0.20 hrs.
10 Dec 18	AM	Email to arbitrator attaching letter from Ms. Williams.	0.20 hrs.
11 Dec 18	PJW	To various emails re escrow, [redacted], service list; review of [redacted]; conference with working group;	1.50 hrs.
11 Dec 18	AM	Further preparation of [redacted] Agreement.	0.25 hrs.
11 Dec 18	AM	Preparation of letter to Gary Demaulenare enclosing Receivership Order and supporting application documents.	0.25 hrs.
11 Dec 18	AM	Telephone call to Deputy Registrar of the Supreme Court to request certified order; Arranging to have Receivership Order registered in Queens County Registry Office.	0.25 hrs.
12 Dec 18	PJW	To various communications; finalize [redacted] documents; conference with court; finalize escrow agreement;	2.00 hrs.
12 Dec 18	AM	Further revisions to [redacted] Agreement.	0.25 hrs.
12 Dec 18	AM	Further updating service list.	0.25 hrs.
13 Dec 18	PJW	To various communications on file; working group call;	1.50 hrs.
13 Dec 18	GLC	File review re arbitration issues and sale process matters	0.80 hrs.
13 Dec 18	CM	Commence reviewing arbitration pleadings;	0.50 hrs.
14 Dec 18	PJW	To various communications - Loris facility; ASM; stay of proceedings; review APA;	3.00 hrs.
14 Dec 18	CM	Review pleadings and email correspondence and letters regarding arbitration proceedings; draft memorandum summarizing litigation proceedings; redraft, edit and revise memorandum and submit for review;	3.60 hrs.
17 Dec 18	GLC	Review and revise draft memorandum regarding post-closing adjustment litigation	1.50 hrs.
17 Dec 18	GLC	File review and review of further matters with P Williams	0.30 hrs.
17 Dec 18	PJW	To various considerations and communications - litigation; ASM; sales process; revising APA for ASM;	3.00 hrs.
17 Dec 18	CM	Correspond with George L. Cooper regarding the memorandum summarizing litigation; make revisions to memorandum; draft Schedule "A" to memorandum; exchange correspondences with Pam Williams regarding revisions to memorandum; redraft, edit and revise memorandum and submit to Pam Williams;	1.50 hrs.
17 Dec 18	AM	Updating service list.	0.50 hrs.
17 Dec 18	AM	Preparation of draft Asset Purchase Agreement re Atlantic System.	1.75 hrs.
18 Dec 18	PJW	Conference with working group on escrow; attempts to locate SC counsel; conference with Nevsky; revisions to ASM document [redacted]	4.00 hrs.

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		and misc;	
18 Dec 18	GLC	File review and conf call with Aird & Berlis and RBC	1.00 hrs.
18 Dec 18	GLC	Various matters re escrow agreement	0.40 hrs.
18 Dec 18	CM	Exchange correspondences with George L. Cooper and Pam Williams regarding research inquiry; research the issue [redacted] make notes regarding research; draft an email to George L. Cooper summarizing results of research;	3.00 hrs.
18 Dec 18	AM	Further preparation of draft purchase agreement.	0.70 hrs.
18 Dec 18	AM	Preparation of letter to Mark Wong re funds held in his trust account.	0.50 hrs.
19 Dec 18	PJW	To consider TD issue;	2.00 hrs.
19 Dec 18	GLC	Various matters re escrow funds;	0.60 hrs.
19 Dec 18	GLC	Email to S Graff	0.30 hrs.
19 Dec 18	GLC	Call with S Graff	0.50 hrs.
19 Dec 18	GLC	Review of escrow argeement	0.40 hrs.
19 Dec 18	GLC	Review of responses to receiver inquiries	0.30 hrs.
19 Dec 18	CM	Discuss research with George L. Cooper; attend conference call with Pam Williams; review email following up on research inquiry;	0.40 hrs.
19 Dec 18	AM	Further preparation of correspondence to solicitor Wong.	0.15 hrs.
19 Dec 18	AM	Preparation of letter to arbitrator O'Connor re stay of his decision.	0.25 hrs.
19 Dec 18	AM	Amending Asset Purchase Agreement.	2.00 hrs.
20 Dec 18	GLC	Review of Transaction Agreement and ancillary docs	0.30 hrs.
20 Dec 18	GLC	Receipt and review of vesting order motion materials in BC	0.30 hrs.
20 Dec 18	PJW	To attend to emails re ASME; ASM; creditor inquiries and [redacted] issue; consider application documents; conference with Nevsky;	3.00 hrs.
20 Dec 18	CH	Conducting research regarding [redacted]	6.50 hrs.
20 Dec 18	HS	Attendance on PPSA search on Atlantic Systems Manufacturing (2016) Ltd.;	0.20 hrs.
21 Dec 18	PJW	To revisions to ASM agreement; conference with SC counsel; conference with SM counsel; communications with receiver;	3.50 hrs.
21 Dec 18	HC	Scanning document;	0.15 hrs.
23 Dec 18	PJW	To emails on escrow agreement and possessory lien issue;	0.50 hrs.
24 Dec 18	PJW	Conference call with J. Nevsky re status of items;	0.50 hrs.
24 Dec 18	PJW	Voicemail from Counsel in SC;	0.20 hrs.
27 Dec 18	PJW	To attend to outstanding items.	3.50 hrs.
28 Dec 18	PJW	Emails on transportation lien issue;	0.20 hrs.

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31 Dec 18	PJW	Email from US counsel on UCC report.	0.30 hrs.	
TOTAL FEES:				$28,400.75

FEE SUMMARY

Pamela J. Williams	50.45 hrs.	$320.00
George Cooper	10.30 hrs.	$370.00
Jessica Gillis	0.50 hrs.	$175.00
Charity Hogan	10.40 hrs.	$220.00
Caitlin Mahoney	22.80 hrs.	$230.00
Hilary Card	0.75 hrs.	$75.00
Heidi Schellen	0.20 hrs.	$100.00
Andrea MacInnis	12.50 hrs.	$60.00
	107.90 hrs.	

NON-TAXABLE DISBURSEMENTS:

Prothonotary's Fees (NT)	$20.00	
Registry of Deeds - Recording/Registration (NT)	77.25	
Total Non-Taxable Disbursements:		$97.25

TAXABLE DISBURSEMENTS:

Delivery & courier	$11.08	
Document production	713.25	
PPSA - Search	20.00	
Administration fee	710.02	
Total Taxable Disbursements:		$1,454.35

SUMMARY:

Fees for this Invoice	$28,400.75
HST on Fees	4,260.11
Total Fees Including Taxes	$32,660.86
Disbursements for this Invoice	1,551.60
HST on Disbursements	218.15
Total Disbursements Including Taxes	$1,769.75
Total Invoice	$34,430.61

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BALANCE NOW DUE	$34,430.61

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NOVA SCOTIA | NEW BRUNSWICK | PRINCE EDWARD ISLAND | NEWFOUNDLAND & LABRADOR

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Alvarez & Marsal Canada Inc.
Attention: Joshua Nevsky
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
Toronto, ON M5J 2J1

December 31, 2018
File #20028317-00003
HST REG.#R122216708
Client # 20028317

INVOICE SUMMARY
Invoice # 209077046
RE: Receivership of Diversified Metal Engineering

Previous Balance	$0.00
Interest on Overdue Amount	$0.00
Fees for this Invoice	$28,400.75
Taxable Disbursements for this Invoice	1,454.35
Non-Taxable Disbursements for this Invoice	97.25
HST	4,478.26
Total Invoice	$34,430.61
BALANCE NOW DUE	$34,430.61

Please return this page with your payment if paying by cheque

Payment Options: Cash, Cheque, VISA, MasterCard, In Office Debit, Online Banking

To pay by online banking, please add Cox & Palmer as a payee and enter 2002831700003 when prompted for an account.

Terms:
An interest charge of 12% per annum is payable on the balance not paid within 45 days of the date of the invoice.

Thank you for your business.

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COX & PALMER
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Alvarez & Marsal Canada Inc.
Attention: Joshua Nevsky
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
Toronto, ON M5J 2J1

January 31, 2019
File #20028317-00003
Your Ref:
HST REG.#R122216708
Client # 20028317

Invoice #:209078031
FOR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THIS MATTER:
RE: Receivership of Diversified Metal Engineering

02 Jan 19	KAC	Emails with G. Cooper regarding status of employee association; review of same and attached documents.	0.50 hrs.
03 Jan 19	KAC	Telephone call to Labour Board; follow up call; email to G. Cooper.	0.40 hrs.
03 Jan 19	GLC	Numerous emails from Receiver and negotiate release with [redacted]	0.60 hrs.
03 Jan 19	GLC	Finalize release and email to [redacted]	0.20 hrs.
03 Jan 19	GLC	Various matters re approval of sale	0.40 hrs.
03 Jan 19	AM	Instructions from Ms. Williams re motion date; Telephone call to Shelley Young Brennan re available court dates.	0.25 hrs.
03 Jan 19	AM	Preparation of draft Motion Record, Factum and Approval and Vesting Order.	4.00 hrs.
04 Jan 19	CH	Reviewing and revising vesting order and Receiver's Certificate;	1.00 hrs.
04 Jan 19	AM	Telephone call from Trial Coordinator regarding change in time for motion of January 10th.	0.15 hrs.
04 Jan 19	AM	Email to group advising of change in time.	0.15 hrs.
04 Jan 19	AM	Preparation of email group re service list.	0.50 hrs.
07 Jan 19	GLC	Emails to and from Receiver	0.30 hrs.
07 Jan 19	CH	Drafting motion record; correspondence with J. Nevsky;	2.00 hrs.
07 Jan 19	AM	Continuing preparation of Motion Record.	0.75 hrs.
08 Jan 19	PJW	To conference with Nevsky; emails with Solicitor MacDonald re various creditors; working group call on bids; working group call [redacted]; attend to various inquiries;	3.50 hrs.
08 Jan 19	GLC	Conf call with Receiver	0.60 hrs.
08 Jan 19	GLC	File review and review of matters for calls related to escrow	0.30 hrs.
08 Jan 19	GLC	Conference call with Aird & Berlis	0.70 hrs.
08 Jan 19	GLC	File review re outstanding issues	0.20 hrs.

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09 Jan 19	PJW	To review of emails; exchange of voicemail with solicitor MacDonald;	0.50 hrs.
09 Jan 19	AM	Updating service list.	0.25 hrs.
10 Jan 19	PJW	To conference with group on bids; review emails;	1.00 hrs.
10 Jan 19	GLC	Review of bid documents from [redacted]	1.00 hrs.
10 Jan 19	GLC	conference call with receiver	0.70 hrs.
10 Jan 19	GLC	Call to Josh Nevsky	0.20 hrs.
10 Jan 19	GLC	Review and consider email message from [redacted]	0.30 hrs.
10 Jan 19	GLC	Review and revise LOI for potential purchaser	1.20 hrs.
10 Jan 19	GLC	Call with Josh Nevsky	0.20 hrs.
10 Jan 19	AM	Email to Ryan at Alvarez & Marsal attached updated service list.	0.20 hrs.
11 Jan 19	PJW	To various emails with working group re next steps/cease and desist/[redacted] correspondence from counsel re [redacted]	1.00 hrs.
11 Jan 19	GLC	Review of mark-up of LOI	0.40 hrs.
11 Jan 19	GLC	Call with J Nevsky to review final mark-up of LOI	0.30 hrs.
11 Jan 19	CH	Drafting cease and desist letter to [redacted] and [redacted];	1.00 hrs.
12 Jan 19	PJW	To drafting letter of direction/release ([redacted]e issue); review PEI pleadings re [redacted]; review liquidation agreement;	2.50 hrs.
14 Jan 19	PJW	To conference with Josh re report and other status updates; conference with Solicitor Lea; email on auctioneer agreement; conference with US counsel;	1.00 hrs.
14 Jan 19	AM	Preparation of Amendment to Escrow Agreement.	1.00 hrs.
15 Jan 19	PJW	To conference with solicitor MacDonald; conference with Chan (A&M); instructions on motion record;	1.00 hrs.
15 Jan 19	GLC	File review re sales process and matters relating to approval motion	0.80 hrs.
15 Jan 19	CH	Conducting research regarding sealing request and notice requirements; revisions to Motion Record;	0.50 hrs.
16 Jan 19	GLC	Review of draft First Report of the Receiver	0.70 hrs.
16 Jan 19	GLC	Further review of draft report of receiver	0.30 hrs.
16 Jan 19	GLC	Conference call with Receiver	0.50 hrs.
16 Jan 19	PJW	To review of report; conference call on various items with working group; em to TD solicitor; co-ordinating dates with court;	2.50 hrs.
16 Jan 19	CH	Review First Report; Revisions to Motion Record;	5.00 hrs.
17 Jan 19	GLC	Review and revise motion materials for approval motion	0.50 hrs.
17 Jan 19	GLC	Review and revise draft Receiver's Report	0.30 hrs.
17 Jan 19	PJW	To various emails and communications re stay decision; ASME; Cartier; to review and revise Application Record;	5.00 hrs.
17 Jan 19	CH	Finalizing draft Motion Record and Order;	0.30 hrs.
17 Jan 19	AM	Revisions to Notice of Motion, Factum and Order.	3.00 hrs.

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18 Jan 19	PJW	To attend to finalizing motion record; instructions on service; conferencing with J. Nevsky;	4.50 hrs.
18 Jan 19	AM	Updating service list	0.25 hrs.
18 Jan 19	AM	Further amendments to Motion Record, Factum and order;	1.00 hrs.
21 Jan 19	PJW	To various communications; preparation and consideration to arbitration matter;	3.50 hrs.
22 Jan 19	PJW	Conference with working group; finalize ASM report; email with court on ASM approval;	1.50 hrs.
22 Jan 19	HS	Attendance on PPSA search on Atlantic Systems Manufacturing (2016) Ltd.;	0.10 hrs.
23 Jan 19	GLC	File review and prepare for motion to approve and review of record on motion, as filed	1.00 hrs.
23 Jan 19	GLC	Review of labour matters re closing	0.50 hrs.
23 Jan 19	PJW	To co-ordinate motion dates; discussion with receiver; review of ASME certification; receipt and preliminary review of ASM bids;	1.50 hrs.
23 Jan 19	KAC	Calls with S. Shea; email to G. Cooper; review of Labour Board information; review of research assignment for follow up.	1.10 hrs.
24 Jan 19	PJW	To review ASM bids; revising motion documents; conferencing with Josh Nevsky and working group; attending to inquires from brewery counsel;	3.00 hrs.
24 Jan 19	GLC	Review and comment upon draft receiver's report	0.50 hrs.
24 Jan 19	GLC	Review and comment upon draft report	0.60 hrs.
24 Jan 19	GLC	Conf call with Receiver	0.40 hrs.
24 Jan 19	CH	Revising Motion materials to incorporate sale of ASM;	2.50 hrs.
25 Jan 19	PJW	Finalize motion record materials; consider ASME quality control manual; review BC PPSA search; conference with [redacted]e asset APA for ASM;	2.50 hrs.
25 Jan 19	AM	Amendments to and preparation of Amended Motion Record.	4.00 hrs.
25 Jan 19	AM	Email to service list and media attaching Amended Motion Record, for service.	0.40 hrs.
25 Jan 19	AM	Preparation of Affidavit of Service.	0.25 hrs.
25 Jan 19	AM	Arranging for return of escrow funds; telephone call with [redacted] to confirm bank account number; email to [redacted] attaching deposit slip and Amended Escrow Agreement.	0.40 hrs.
26 Jan 19	PJW	Finalize memo on escrow funds issue;	0.65 hrs.
27 Jan 19	GLC	Revisions to report to Aird & Berlis	0.70 hrs.
28 Jan 19	GLC	File review and prepare for approval motion	0.60 hrs.
28 Jan 19	PJW	To finalize DME arbitration memo; conference with Eastern Fab counsel on hearing; consider issues related to collection matters; conference with Solicitor [redacted] re [redacted];	1.50 hrs.
29 Jan 19	PJW	To review IP; consider Loris; conference with Greunier; email US counsel on UCC search; prepare and attend conference call on with working group on arbitration;	2.00 hrs.

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29 Jan 19	GLC	File review and various matters re TD	0.30 hrs.
29 Jan 19	GLC	File review and conf call with A&B	0.40 hrs.
30 Jan 19	GLC	Email to Al Hutchens and review of emails from Al Hutchens	0.20 hrs.
30 Jan 19	GLC	Review of motion materials and prepare for approval motion in Charlotteown, PE	1.00 hrs.
30 Jan 19	PJW	Review of [redacted] issues with Receiver; conference with Loris stakeholders; review closing documents for ASM;	2.00 hrs.
31 Jan 19	GLC	Prepare for and attend approval motion in Charlottetown	7.00 hrs.
31 Jan 19	PJW	Prepare and attend at approval motion; attend to closing details; order distribution;	4.00 hrs.
31 Jan 19	MM	Arrange for filing of Order and distribute same;	0.50 hrs.
31 Jan 19	MM	Travelling to and from DME for signature of agreement and general assignment.	0.60 hrs.
31 Jan 19	MM	Delivering signed documents to [redacted] for closing of ASM.	0.20 hrs.
31 Jan 19	AM	Amendments to Order.	0.50 hrs.

TOTAL FEES: $29,322.50

FEE SUMMARY

Karen A. Campbell	2.00 hrs.	$340.00
Pamela J. Williams	44.65 hrs.	$335.00
George Cooper	23.90 hrs.	$390.00
Charity Hogan	12.30 hrs.	$235.00
Heidi Schellen	0.10 hrs.	$125.00
Melanie McKenna	1.30 hrs.	$140.00
Andrea MacInnis	17.05 hrs.	$75.00
	101.30 hrs.	

NON-TAXABLE DISBURSEMENTS:

Prothonotary's Fees (NT)	$65.00	
Total Non-Taxable Disbursements:		$65.00

TAXABLE DISBURSEMENTS:

Document production	$1,313.80	
Photocopies	213.85	
PPSA - Search	10.00	
Web Hosting	13.91	
Administration fee	733.06	
Total Taxable Disbursements:		$2,284.62

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SUMMARY:

Fees for this Invoice	$29,322.50
HST on Fees	4,398.38
Total Fees Including Taxes	$33,720.88
Disbursements for this Invoice	2,349.62
HST on Disbursements	342.70
Total Disbursements Including Taxes	$2,692.32
Total Invoice	$36,413.20
BALANCE NOW DUE	$36,413.20

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Alvarez & Marsal Canada Inc.
Attention: Joshua Nevsky
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
Toronto, ON M5J 2J1

January 31, 2019
File #20028317-00003
HST REG.#R122216708
Client # 20028317

INVOICE SUMMARY
Invoice # 209078031
RE: Receivership of Diversified Metal Engineering

Previous Balance	$0.00
Interest on Overdue Amount	$0.00
Fees for this Invoice	$29,322.50
Taxable Disbursements for this Invoice	2,284.62
Non-Taxable Disbursements for this Invoice	65.00
HST	4,741.08
Total Invoice	$36,413.20
BALANCE NOW DUE	$36,413.20

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Payment Options: Cash, Cheque, VISA, MasterCard, In Office Debit, Online Banking

To pay by online banking, please add Cox & Palmer as a payee and enter 2002831700003 when prompted for an account.

Terms:
An interest charge of 12% per annum is payable on the balance not paid within 45 days of the date of the invoice.

Thank you for your business.

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Alvarez & Marsal Canada Inc.
Attention: Joshua Nevsky
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
Toronto, ON M5J 2J1

March 1, 2019
File #20028317-00003
Your Ref:
HST REG.#R122216708
Client # 20028317

Invoice #:209079050
FOR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THIS MATTER:
RE: Receivership of Diversified Metal Engineering

01 Feb 19	PJW	Attend to closing;	0.75 hrs.
03 Feb 19	PJW	Email with S. Graff;	0.20 hrs.
04 Feb 19	PJW	Conference call on APA; emails and conference with [redacted]on on [redacted]; conference with Khan (TD counsel);	3.00 hrs.
04 Feb 19	GLC	Review of draft APA from CBB	1.00 hrs.
04 Feb 19	GLC	File review and conf call re APA with Receiver;	0.80 hrs.
05 Feb 19	GLC	Prepare mark up of APA	1.30 hrs.
05 Feb 19	GLC	Various matters re APA and steps toward closing	0.70 hrs.
05 Feb 19	PJW	Review APA; emails with Khan (TD counsel); emails with [redacted];	2.50 hrs.
05 Feb 19	CH	Review of search and file notes; review property information regarding IRAC requirements;	1.00 hrs.
06 Feb 19	PJW	To communicate with Finance PEI; email on [redacted]y; conference with Nevsky; revising APA; considerations to IRAC and landholdings;	2.50 hrs.
06 Feb 19	CH	Further review of IRAC exemption regulations; research regarding prevailing time limitations; research regarding lease disclaimer; preparing lease disclaimer;	3.00 hrs.
06 Feb 19	IK	Reviewing legislation; researching and reviewing successor rights case law; drafting memorandum to K. Campbell re. impact of receivership on successor rights; providing memorandum to K. Campbell.	6.80 hrs.
06 Feb 19	AM	Preparation of draft motion record re DME approval and vesting order.	2.00 hrs.
06 Feb 19	AM	Updating service list.	0.20 hrs.
06 Feb 19	AM	Preparation of letter to Mr. Nevsky enclosing trust cheque received from [redacted]	0.20 hrs.
07 Feb 19	PJW	To emails with J. Nevsky on [redacted]g order; updating status on various issues;	1.00 hrs.
08 Feb 19	PJW	To conference with Cooper; emails on agreement; conference with J. Nevsky;	1.00 hrs.

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08 Feb 19	GLC	Review of mark-up of APA provided by CBB	0.70 hrs.
08 Feb 19	GLC	Call with J Nevsky to review revised APA	0.40 hrs.
08 Feb 19	GLC	Conf call with Receiver and Purchaser re APA	1.00 hrs.
08 Feb 19	GLC	Emails to and from J Nevsky	0.30 hrs.
08 Feb 19	CH	Revising disclaim notice; Drafting approval order; correspondence with Josh enclosing same;	1.00 hrs.
10 Feb 19	GLC	Detailed file review and prepare mark up of APA	1.00 hrs.
10 Feb 19	GLC	Emails to and from J Nevsky	0.20 hrs.
10 Feb 19	GLC	Revisions to APA	0.30 hrs.
10 Feb 19	GLC	Call with Josh Nevsky	0.30 hrs.
10 Feb 19	GLC	Email to CBB	0.10 hrs.
11 Feb 19	PJW	Conference with Dow; conference with J. Nevsky; exchanges with MacGregor;	0.60 hrs.
12 Feb 19	PJW	To attend to IRAC issue; conference with Nevsky; investigate tax issue; attend to disclaimer; email to [redacted] counsel;	2.00 hrs.
12 Feb 19	GLC	Emails to and from J Nevsky and calls to and from J Nevsky	0.30 hrs.
12 Feb 19	GLC	Conference call with Parties re APA	0.90 hrs.
12 Feb 19	GLC	Various matters following conf call relating to closing	0.30 hrs.
12 Feb 19	GLC	Emails and calls with J Nevsky	0.60 hrs.
12 Feb 19	CH	Numerous discussions with IRAC regarding approval; drafting letter to TD regarding confidentiality of documents;	3.00 hrs.
12 Feb 19	AM	Preparation of Receiver's Certificate re ASM;	0.40 hrs.
12 Feb 19	AM	Preparation of letter to [redacted] re lease.	0.25 hrs.
13 Feb 19	PJW	To review Loris materials; emails on APA; review draft motion record; group call;	4.00 hrs.
13 Feb 19	PJW	Conference call with group on Vesting Order;	0.50 hrs.
13 Feb 19	GLC	Review of docs and prepare for call with Receiver	0.70 hrs.
13 Feb 19	GLC	Conference call with Receiver	0.80 hrs.
13 Feb 19	GLC	Revise draft APA	0.70 hrs.
13 Feb 19	GLC	Email to Cassels Brock	0.20 hrs.
13 Feb 19	GLC	Conf call with Receiver and Purchaser	1.50 hrs.
13 Feb 19	GLC	Calls with J Nevsky	0.40 hrs.
13 Feb 19	GLC	Call with Receiver and purchaser	0.30 hrs.
13 Feb 19	GLC	Conf call with Receiver and Purchaser	0.50 hrs.
13 Feb 19	GLC	Conference call with J Nevsky	0.40 hrs.
13 Feb 19	GLC	Conf call with Receiver and purchaser	0.70 hrs.
13 Feb 19	GLC	Call with J Nevsky re APA	0.50 hrs.
13 Feb 19	GLC	Email to parties	0.20 hrs.
13 Feb 19	GLC	Call with counsel	0.20 hrs.
13 Feb 19	GLC	Numerous emails to and from Purchaser's counsel	0.50 hrs.
13 Feb 19	GLC	Review and revise various drafts	0.50 hrs.
13 Feb 19	GLC	Various emails to and from Receiver	0.50 hrs.
13 Feb 19	GLC	Review of execution version of docs	0.50 hrs.
14 Feb 19	GLC	Various matters re APA and closing	0.60 hrs.
14 Feb 19	GLC	Review and comment on draft Receiver's Report	0.50 hrs.
14 Feb 19	GLC	Call with Receiver	0.40 hrs.
14 Feb 19	GLC	Review of final version of Receiver's Second	0.30 hrs.

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		Report	
14 Feb 19	GLC	Review and revise motion materials	0.50 hrs.
14 Feb 19	GLC	File review and review and revise various approval related matters	0.30 hrs.
14 Feb 19	PJW	To emails and conferencing with local counsel; finalize motion record; email with TD counsel; working group call;	3.00 hrs.
14 Feb 19	AM	Preparation of Motion Record and amendments thereto re DME Charlottetown.	5.00 hrs.
15 Feb 19	PJW	To emails re press; ensuring document filing; review of ASM name change materials;	1.00 hrs.
15 Feb 19	AM	Preparation of affidavit of service for Mary Hawkins re delivery of Notice to Lessor to Disclaim a Lease.	0.30 hrs.
17 Feb 19	PJW	Review independent contractor termination issue;	0.30 hrs.
19 Feb 19	PJW	Conference call with working group on Arbitration; conference with [redacted] on ASM;	1.00 hrs.
22 Feb 19	PJW	Prepare and attend a motion to approve DME sale;	2.50 hrs.
22 Feb 19	AM	Telephone call with Deputy Registrar re certified copy of Approval and Vesting Order for registration purposes at land registry office.	0.15 hrs.
24 Feb 19	PJW	Emails on pending closing;	0.40 hrs.
25 Feb 19	PJW	Instructions on closing documents; vm from Elanco;	0.30 hrs.
25 Feb 19	PJW	To emails re various outstanding items;	1.00 hrs.
25 Feb 19	GLC	Review of closing agenda	0.80 hrs.
25 Feb 19	GLC	Conf call with parties re Agenda	0.50 hrs.
25 Feb 19	GLC	File review and various matters re closing	0.50 hrs.
25 Feb 19	AM	Email to [redacted] attaching Receiver's Certificate and requesting confirmation if Schedule A is in acceptable form.	0.25 hrs.
25 Feb 19	AM	Amendments to Schedule A of the ASM Receiver's Certificate.	0.30 hrs.
26 Feb 19	GLC	Numerous matters re closing and closing documents	0.60 hrs.
26 Feb 19	PJW	To emails with Solicitor Lea; emails on closing pending;	1.00 hrs.
26 Feb 19	CH	Preparing general conveyance and deed;	1.00 hrs.
26 Feb 19	AM	Compiling information required to complete receiver's deed;	0.50 hrs.
26 Feb 19	KM	To draft Receiver Deed and Bill of Sale;	1.50 hrs.
27 Feb 19	GLC	Review of closing agenda and review of file;	0.50 hrs.
27 Feb 19	GLC	Review and comment upon draft closing documentation	0.50 hrs.
27 Feb 19	PJW	To emails on closing;	1.00 hrs.
28 Feb 19	PJW	To emails on closing; emails with Solicitor Lea;	1.00 hrs.
28 Feb 19	GLC	Conf call re closing Agenda	0.60 hrs.
28 Feb 19	GLC	Review, revise and draft closing documents, certificates, etc	1.20 hrs.
28 Feb 19	GLC	File review and emails to and from Receiver	0.20 hrs.
28 Feb 19	CH	Review transfer documents; revisions to deed;	0.80 hrs.

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01 Mar 19	GLC	File review, revise docs, compose and send email to CBB, counsel to purchaser	0.60 hrs.
01 Mar 19	GLC	Emails to and from CBB	0.50 hrs.
01 Mar 19	GLC	Confer with PW re tax adjustments	0.30 hrs.
01 Mar 19	GLC	Email to receiver re timing of BIA order	0.20 hrs.
01 Mar 19	PJW	Emails on tax adjustment; consideration to [redacted]	1.00 hrs.

TOTAL FEES: $25,847.00

FEE SUMMARY

Pamela J. Williams	31.55 hrs.	$335.00
George Cooper	28.90 hrs.	$390.00
Charity Hogan	9.80 hrs.	$235.00
Isabelle Keeler	6.80 hrs.	$190.00
Katie MacDonald	1.50 hrs.	$125.00
Andrea MacInnis	9.55 hrs.	$75.00
	88.10 hrs.	

NON-TAXABLE DISBURSEMENTS:

Prothonotary's Fees (NT)	$50.00	
Total Non-Taxable Disbursements:		$50.00

TAXABLE DISBURSEMENTS:

Delivery & courier			$31.67	
Document production			593.80	
Mileage			163.09	
Photocopies			5.60	
Administration fee			646.18	
31 Jan 19	Travelling Expenses	VENDOR: George L. Cooper; INVOICE#: 20190206; DATE: 2019-02-06 - Jan 31 Bridge Toll Charlottetown.	47.00	
Total Taxable Disbursements:				$1,487.34

SUMMARY:

Fees for this Invoice	$25,847.00
HST on Fees	3,877.05
Total Fees Including Taxes	$29,724.05

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Disbursements for this Invoice	1,537.34
HST on Disbursements	223.10
Total Disbursements Including Taxes	$1,760.44
Total Invoice	$31,484.49
BALANCE NOW DUE	$31,484.49

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Alvarez & Marsal Canada Inc.
Attention: Joshua Nevsky
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
Toronto, ON M5J 2J1

March 1, 2019
File #20028317-00003
HST REG.#R122216708
Client # 20028317

INVOICE SUMMARY
Invoice # 209079050
RE: Receivership of Diversified Metal Engineering

Previous Balance	$0.00
Interest on Overdue Amount	$0.00
Fees for this Invoice	$25,847.00
Taxable Disbursements for this Invoice	1,487.34
Non-Taxable Disbursements for this Invoice	50.00
HST	4,100.15
Total Invoice	$31,484.49
BALANCE NOW DUE	$31,484.49

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Payment Options: Cash, Cheque, VISA, MasterCard, In Office Debit, Online Banking

To pay by online banking, please add Cox & Palmer as a payee and enter 2002831700003 when prompted for an account.

Terms:
An interest charge of 12% per annum is payable on the balance not paid within 45 days of the date of the invoice.

Thank you for your business.

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Alvarez & Marsal Canada Inc.
Attention: Joshua Nevsky
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
Toronto, ON M5J 2J1

April 1, 2019
File #20028317-00003
Your Ref:
HST REG.#R122216708
Client # 20028317

Invoice #:209080211
FOR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THIS MATTER:
RE: Receivership of Diversified Metal Engineering

04 Mar 19	GLC	Emails to and from Receiver	0.20 hrs.
04 Mar 19	GLC	Review amendments to agreements and certificates as proposed by CBB	0.30 hrs.
04 Mar 19	GLC	Conf call with Receiver re outstanding closing items	0.50 hrs.
04 Mar 19	GLC	File review and emails to and from Receiver	0.30 hrs.
04 Mar 19	GLC	Review and comment on docs provided by Receiver	0.30 hrs.
04 Mar 19	GLC	Confer with PW re closing arrangements	0.30 hrs.
04 Mar 19	GLC	Calls to and from Receiver re closing arrangements	0.30 hrs.
04 Mar 19	GLC	Conf call with purchaser and receiver;	0.50 hrs.
04 Mar 19	GLC	Various matters following conf call	0.30 hrs.
04 Mar 19	PJW	To attend to closing issues and arbitration emails;	3.50 hrs.
05 Mar 19	PJW	Conference with Gagnon ([redacted]); attend to closing details; vm to Hennessey ([redacted]); conference with MacDonald (re [redacted]);	3.50 hrs.
05 Mar 19	GLC	Numerous matters relating to closing of transaction	1.30 hrs.
06 Mar 19	PJW	Conference with J. Nevsky; follow up on receiver certificate on ASM; emails with ~~Gagnon (La Forge)~~; arrange for Order to be registered;	1.00 hrs.
07 Mar 19	PJW	To email with independent counsel re security review; email on steps related to bankruptcy;	0.50 hrs.
07 Mar 19	GLC	Various matters re escrow funds and outstanding issues following closing	0.30 hrs.
08 Mar 19	GLC	Various matter re security review and post-closing items	0.40 hrs.
08 Mar 19	PJW	Conference with Jamie Khan (TD counsel); email with Nevsky; conference with Ryan MacDonald re brewery and unsecured clients; confirm with counsel on independent opinion;	1.00 hrs.
10 Mar 19	PJW	Prepare release for [redacted]	0.65 hrs.
11 Mar 19	PJW	Email with Grunier; email from Khan (TD counsel);	0.50 hrs.

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11 Mar 19	BH	Instructions from Pam Williams; review of BIA re: independent opinion requirements; reviewing security review opinion; drafting form of opinion for independent counsel and providing draft of same to Pam Williams;	1.25 hrs.
11 Mar 19	AM	Preparation of letter to [redacted] enclosing court filed Receiver's Certificate re ASM.	0.25 hrs.
12 Mar 19	PJW	To various emails re receivership and follow up;	0.30 hrs.
13 Mar 19	GLC	Review and revise report to RBC/Receiver	0.50 hrs.
14 Mar 19	PJW	Attend to Loris inventory issue;	0.50 hrs.
14 Mar 19	HS	Preparation of application for change of name;	1.00 hrs.
14 Mar 19	AM	Compiling documents and preparation of letter to [redacted] enclosing documents for preparation of opinion;	0.50 hrs.
15 Mar 19	PJW	To follow up on various matters - Loris security; consideration to escrow moving forward; email on [redacted]; security opinion;	2.00 hrs.
15 Mar 19	GLC	Various matters re distribution motion	0.60 hrs.
16 Mar 19	PJW	To attend to various follow ups; consideration to Green; email on Loris; email to working group;	1.00 hrs.
18 Mar 19	PJW	To finalize escrow overview email; emails on WCAT; email on Green;	1.50 hrs.
18 Mar 19	JG	Review and research matter re claim of [redacted] for relocation expenses.	1.75 hrs.
19 Mar 19	PJW	Emails on [redacted] and [redacted] and WCAT;	0.30 hrs.
20 Mar 19	JG	Continue research re claim for [redacted] email to Pam Williams re same.	1.00 hrs.
22 Mar 19	PJW	To consider release for [redacted]; update on Loris and interim distribution;	1.00 hrs.
25 Mar 19	PJW	Emails on arbitration; receipt of motion; email on same;	1.00 hrs.
25 Mar 19	JG	Telephone call with WCAT Employer Advisor re WCAT decision; review of legislation and WCB policies re employer assessment rates and [redacted]	1.25 hrs.
26 Mar 19	PJW	Emails on status; conference with Solicitor [redacted];	0.50 hrs.
27 Mar 19	PJW	To review security opinion; consider arbitration dates; emails on outstanding items;	1.00 hrs.
27 Mar 19	GLC	File review and initial draft of distribution order	0.90 hrs.
27 Mar 19	GLC	Review of motion regarding priority	0.50 hrs.
27 Mar 19	JG	Review of [redacted] Escrow Agreement and related correspondence; research re substantial completion of agreement and Sale of Goods Act.	2.00 hrs.
28 Mar 19	JG	Draft letter to [redacted] re enforcement of agreement.	1.00 hrs.
29 Mar 19	PJW	Email from Lea; consideration and follow up on opinion;	0.50 hrs.

TOTAL FEES: $11,501.25

FEE SUMMARY

Dominion Building
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Pamela J. Williams	20.25 hrs.	$335.00
George Cooper	7.50 hrs.	$390.00
Ben Howard	1.25 hrs.	$225.00
Jessica Gillis	7.00 hrs.	$190.00
Heidi Schellen	1.00 hrs.	$125.00
Andrea MacInnis	0.75 hrs.	$75.00
	37.75 hrs.	

NON-TAXABLE DISBURSEMENTS:		
Registry of Deeds - Recording/Registration (NT)	$77.25	
Total Non-Taxable Disbursements:		$77.25
TAXABLE DISBURSEMENTS:		
Document production	$252.80	
Administration fee	287.53	
Total Taxable Disbursements:		$540.33

SUMMARY:	
Fees for this Invoice	$11,501.25
HST on Fees	1,725.19
Total Fees Including Taxes	$13,226.44
Disbursements for this Invoice	617.58
HST on Disbursements	81.05
Total Disbursements Including Taxes	$698.63
Total Invoice	$13,925.07
BALANCE NOW DUE	$13,925.07

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Alvarez & Marsal Canada Inc.
Attention: Joshua Nevsky
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
Toronto, ON M5J 2J1

April 1, 2019
File #20028317-00003
HST REG.#R122216708
Client # 20028317

INVOICE SUMMARY
Invoice # 209080211
RE: Receivership of Diversified Metal Engineering

Previous Balance	$0.00
Interest on Overdue Amount	$0.00
Fees for this Invoice	$11,501.25
Taxable Disbursements for this Invoice	540.33
Non-Taxable Disbursements for this Invoice	77.25
HST	1,806.24
Total Invoice	$13,925.07
BALANCE NOW DUE	$13,925.07

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To pay by online banking, please add Cox & Palmer as a payee and enter 2002831700003 when prompted for an account.

Terms:
An interest charge of 12% per annum is payable on the balance not paid within 45 days of the date of the invoice.

Thank you for your business.

Tab 5

Court File No. S1 GS 28446

SUPREME COURT OF PRINCE EDWARD ISLAND
(GENERAL SECTION)

BETWEEN:

ROYAL BANK OF CANADA

Applicant

and

DME LIMITED PARTNERSHIP, DME GENERAL PARTNER INC., ATLANTIC SYSTEMS MANUFACTURING (2016) LTD., DME CANADA ACQUISITIONS INC. and DME US HOLDCO INC., as represented by Alvarez & Marsal Canada Inc., as Court appointed receiver

Respondents

FACTUM
(Distribution Order and Discharge Order)

Charity Hogan &
George Cooper, Q.C.
COX & PALMER
97 Queen Street, Suite 600
Charlottetown, PE C1A 4A9
(902) 628-1033
Solicitors for the Applicant

DME LIMITED PARTNERSHIP,
54 Hillstrom Avenue
Charlottetown, PE C1E 2C6
Respondent

ATLANTIC SYSTEMS MANUFACTURING (2016) LTD.,
54 Hillstrom Avenue
Charlottetown, PE C1A 7L1
Respondent

DME GENERAL PARTNER INC.,
333 Bay Street, Suite 640
Toronto, Ontario M5H 2R2
Respondent

DME CANADA ACQUISITIONS INC.
510 West Georgia Street, Suite 1800
Vancouver, British Columbia V6C 3L2
Respondent

DME US HOLDCO INC.
333 Bay Street, Suite 640
Toronto, Ontario M5H 2R2
Respondent

INDEX

Part I – Facts

Background

1. The facts are generally set out in the Third Report dated May 22, 2019 of Alvarez & Marsal Canada Inc., as receiver and receiver manager (the "**Receiver**"), of DME Limited Partnership, DME General Partner Inc., Atlantic Systems Manufacturing (2016) Ltd., DME Canada Acquisitions Inc. and DME US Holdco Inc. (the "**DME Group**") pursuant to an Order of this Honourable Court dated November 26, 2018 (the "**Receivership Order**").

2. The following is an overview of some of the key facts for the purpose of this brief. Capitalized terms not defined herein have the meanings attributed to them in the Third Report.

3. Pursuant to the motion of the Royal Bank of Canada (the "**Bank**"), the Supreme Court of Prince Edward Island (the "**Court**") granted the Receivership Order, that among other things, authorized and empowered the Receiver to:

   a. take possession and control of the Property (as defined in the Receivership Order);

   b. receive, preserve and protect the Property, or any parts thereof;

   c. apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property; and

   d. take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

4. After its appointment, the Receiver immediately began investigating the DME Group's estate and the options available to maximize the value of the estate for the benefit of DME Group's stakeholders.

Overview of DME Group

5. As described in the First Report of the Receiver previously filed with the Court, the DME Group operates through three independent manufacturing facilities in Canada, being:

   a. the Charlottetown, Prince Edward Island operation ("**DME Charlottetown**");

   b. the Abbotsford, British Columbia operations (the "**Abbotsford Plant**"); and

   c. Atlantic Systems Manufacturing ("**ASM**"), a small subsidiary of the DME Group operating in Charlottetown, Prince Edward Island.

Update on Sales Process

6. On January 31, 2019, this Court issued the Approval and Vesting Order related to the Abbotsford Transaction and ASM Transaction, as each are defined in the First Report of the Receiver.

7. On February 22, 2019, this Court issued the Approval and Vesting Order related to DME Agreement, as defined in the Secord Report of the Receiver.

8. The transactions described in the Approval and Vesting Orders (the "**Transactions**") have closed.

Remaining Activities

9. The Receiver intends to pursue any remaining accounts receivable balances, including certain funds that are currently held by a third party escrow agent related to the

acquisition of the Abbotsford Plant. In addition, there remains some non-substantive administration issues which are not anticipated to be controversial.

10. The Receiver will also be required to make a final distribution and file its final report.

11. Under this Motion, the Receiver is seeking to have its Third Report accepted, the previous Sealing Orders lifted, and the Receiver and legal counsel fees approved. In addition, in order to efficiently finalize this matter, the Receiver is seeking a conditional discharge.

Part II – Issues

12. The issues are as follows:

    a. Should this Honourable Court grant an Order for the abridgement of time for service of this motion, excusing the lack of service of this motion or excusing the lack of service of the Moving Party's motion record as part of the relief in each of the Orders requested herein;

    b. Should an Order approving the Receiver's Third Report ("Third Report") dated May 22, 2019, and the distribution of funds described therein be granted;

    c. Should the Court order to lift the Sealing Orders previously granted;

    d. Should the fees and disbursements of the Receiver and Cox & Palmer be approved; and

    e. Should the Court grant a conditional Order to Discharge the Receiver upon its filing a certificate with the Court confirming that the administration of the receivership has been completed?

Part III – Law & Argument

Issue 1 -- Should this Honourable Court grant an Order for the abridgement of time for service of this motion, excusing the lack of service of this motion or excusing the lack of service of the Moving Party's motion record as part of the relief in each of the Orders requested herein?

13. This Court has the discretion to abridge the time for service of this motion, to excuse the lack of service of the motion, or to excuse the lack of service of the Receiver motion record:

> <u>EFFECT OF NON-COMPLIANCE</u>
>
> 2.01 (1) A failure to comply with these rules is an irregularity and does not render a proceeding or a step, document or order in a proceeding a nullity, and the court,
>
> (a) may grant all necessary amendments or other relief, on such terms as are just, to secure the just determination of the real matters in dispute; or
>
> <u>COURT MAY DISPENSE WITH COMPLIANCE</u>
>
> 2.03 The Court may, only where and as necessary in the interest of justice, dispense with compliance with any rule at any time
>
> <u>EXTENSION OR ABRIDGMENT</u>
>
> **General Powers of Court**
>
> 3.02 (1) Subject to subrule (3), the court may by order extend or abridge any time prescribed by these rules or an order, on such terms as are just.
>
> (2) A motion for an order extending time may be made before or after the expiration of the time prescribed.
>
> Rules 2 and 3 of the *Rules of Civil Procedure*

14. The Court's discretion under Rules 2 and 3 to abridge the time for service, if necessary, is wide and permits the Court to dispense with strict adherence to any rule in appropriate circumstances.

Re Entegrity Wind Systems Inc., 2009 PEISC 25

15. It is submitted that no party has been prejudiced as a result of the notice period provided. Royal Bank of Canada supports the Receiver's request and it is in the interest of all parties to move expeditiously in this matter to preserve and maximize value.

Issue 2 - Should this Court approve the Receiver's Third Report and approve the proposed distributions as set out therein?

16. The Receiver has acted honestly and in good faith in completing the activities described in the Third Report. The Receiver has concluded the three sales transactions as previously approved by this Honourable Court, thereby completing the Sales Process.

17. In *Bennett on Receiverships*, the author states at page 450:

> Throughout the administration of the receivership, a court-appointed receiver is required to collect and retain all cash proceeds acquired through the carrying on of the business, and ultimately the sale and disposition of the capital assets. The receiver should bring a motion for court approval before distributing any of these moneys.
>
> Frank Bennett, *Bennett on Receiverships*, 2d ed. (Scarborough, Ont.: Carswell, 1998) at 450.

18. Paragraph 17 of the Receivership Order states:

> All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver that forms part of the Property from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property (...) shall

be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

19. Furthermore, paragraph 40 of the Receivership Order entitles the Receiver to apply to this Court "*...for advice and directions in the discharge of its powers and duties hereunder.*"

20. DME Group's total indebtedness to RBC was approximately $17.1 million, plus interest and fees, as of the date of the Receivership Order. Further, the Receiver borrowed $930,000 from RBC in Receiver's Certificates. As of May 10, 2019, and after the conclusion of the Sales Process, the Receiver's closing cash balance was approximately $7.5 million, inclusive of the $930,000 advanced by RBC under the Receiver's Certificates. Therefore, there are insufficient funds to pay RBC in full. The Receiver now seeks the authorization and direction of this Honourable Court to make future distributions to RBC, up to the amount of the DME Group's indebtedness owing to RBC (the "**Distribution**").

21. The Receiver is not aware of any security interests that would have priority over RBC with respect to the Property or the proceeds from the Transaction.

22. It is respectfully requested that the Distribution be approved in order to maximize efficiency and allow for the completion of the Receiver's role.

Issue 3 – Should this Court order to lift the Sealing Orders previously granted?

23. The purchase and sale agreements for the Transactions were previously sealed by Orders of this Court to protect certain commercially sensitive information.

24. The Approval and Vesting Orders state:

> Subject to further Court Order, the Confidential Appendices to the Receiver's .... Report shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope and shall only be opened after the completion of these receivership proceedings.

25. As the Sales Process is now concluded and the Receiver is seeking a conditional discharge, it is respectfully requested that the Court lift the sealing orders to make the respective agreements publicly available.

Issue 4 – Should the fees and disbursements of the Receiver and its legal counsel be approved?

26. It is respectfully requested that this Honourable Court approve the fees and disbursements of the Receiver and its legal counsel.

27. Frank Bennett in *Bennett on Receiverships*, *supra*, states at page 459:

> One of the purposes of the passing of accounts is to afford the receiver judicial protection in carrying out its powers and duties, and to satisfy the court that the fees and disbursements were fair and reasonable. Another purpose is to afford the debtor, the security holder and any other interested person the opportunity to question the receiver's activities and conduct to date. On the passing of accounts, the court has the inherent jurisdiction to review and approve or disapprove of the receiver's present and past activities even though the order appointing the receiver is silent as to the court's authority. [footnotes omitted]

28. The Court will inquire into the accounts of a receiver if there are any complaints from interested parties about the accounts or allegations regarding the receiver.

Bennett on Receiverships, *supra*, at 460.

29. There have been no complaints or allegations regarding the Receiver.

30. In the case of *Quorum Secured Equity Trust (Manager of) v. Globel Direct Inc. (2008),* 54 C.B.R. (5th) 121 (Alta. Q.B.), the receiver's accounts were being challenged. Justice Romaine of the Alberta Court of Queen's Bench considered the concerns of the parties and did not order a taxation of the accounts, but dealt with the receiver's accounts in a summary manner. Justice Romaine's decision was appealed to the Alberta Court of Appeal, *Quorum Secured Equity Trust (Manager of) v. Globel Direct Inc.*, 2009 ABCA 145, 53 C.B.R. (5th) 167. The Court of Appeal affirmed the decision of Justice Romaine and stated at paragraph 3:

> The chambers judge declined to direct any further examination or taxation of the accounts, and instead approved them in a summary procedure. While a taxation might be the more normal way to deal with the issues raised by the appellants, it cannot be said that the chambers judge did not have the jurisdiction to proceed summarily as she did. While we have some concerns about the fees charged, her selection of the summary procedure cannot be said to be unreasonable, and does not warrant appellate interference.

31. The initial receivership order in *Hongkong Bank of Canada v. H.E. Carson and Sons Limited*, Moncton M/M/114/98 (N.B.Q.B.) dated September 24, 1998, provided that the receiver would, among other things, report to the Court and pass its accounts. In May of 2011, the receiver applied for an order discharging it as receiver and dispensing with the review and approval of its fees and disbursements and those of its legal counsel. Justice Dionne of the New Brunswick Court of Queen's Bench granted the Order on May 30, 2011. Paragraph 3 of the Order granted by Justice Dionne stated:

> The review and approval of the fees and disbursements of the Receiver and its counsel as described in the Report be and is hereby dispensed with as the sole party with an economic interest therein has approved of

the Receiver's discharge and withdrawn from these proceedings.

32. If the Distribution is paid in its entirety as requested, RBC will still be due in excess of $10 million. As a result, it is the only party with an economic interest in the proceedings. RBC has reviewed the accounts and does not object to same.

33. Furthermore, passing and taxation of the accounts of a receiver would add cost to the proceeding, all of which expense would be borne by RBC.

34. As a result of the foregoing, it is respectfully submitted that this Honourable Court should exercise its jurisdiction to review and approve the accounts of the Receiver and its legal counsel.

Issue 5 – Should Alvarez & Marsal Canada Inc. be conditionally discharged as Court appointed Receiver?

35. The appointment of a receiver is usually terminated when the estate has been completely administered and when there is no other function for the receiver to perform.

Bennett on Receiverships, *supra*, at 480-481.

36. As more fully set out in the Third Report, the Receivership was limited to the Property as described in the Receivership Order and that Property has been sold.

37. Subject to the matters outlined in the Third Report, the Receiver has performed all acts capable of being completed by it as a result of realizing on the Property.

38. All parties with an interest have been served with this Notice of Motion and the Third Report.

39. Accordingly, the Receiver should be discharged pending completion of administration of the estate and the remaining items as indicated and all interested persons have been provided with notice of the Receiver's request for discharge.

Part IV – Relief Sought

40. The Receiver respectfully requests this Court grant the relief requested in the Notice of Motion for this hearing.

All of which is respectfully submitted this 22 day of May, 2019.

Charity Hogan &
George Cooper, Q.C.
Cox & Palmer
600-97 Queen Street
Charlottetown, PEI
Lawyers for the Receiver,
Alvarez & Marsal Canada Inc.

Tab 6

SCHEDULE "A" – List of Authorities

A. Rules 2 and 3 of the *Rules of Civil Procedure*

B. *Re Entegrity Wind Systems Inc.*, 2009 PEISC 25

C. Frank Bennett, *Bennett on Receiverships*, 2d ed. (Scarborough, Ont.: Carswell, 1998).

D. *Quorum Secured Equity Trust (Manager of) v. Globel Direct Inc.* (2008), 54 C.B.R. (5th) 121 (Alta. Q.B.),

E. *Quorum Secured Equity Trust (Manager of) v. Globel Direct Inc.*, 2009 ABCA 145, 53 C.B.R. (5th) 167

F. Order of the Honourable Justice Dionne of the Court of Queen's Bench of New Brunswick dated May 30, 2011 in Cause No. M/M/114/98.

Tab A

RULE 2

NON-COMPLIANCE WITH THE RULES

EFFECT OF NON-COMPLIANCE

2.01 (1) A failure to comply with these rules is an irregularity and does not render a proceeding or a step, document or order in a proceeding a nullity, and the court,

(a) may grant all necessary amendments or other relief, on such terms as are just, to secure the just determination of the real matters in dispute; or

(b) only where and as necessary in the interest of justice, may set aside the proceeding or a step, document or order in the proceeding in whole or in part.

(2) The court shall not set aside an originating process on the grounds the proceeding should have been commenced by an originating process other than the one employed.

ATTACKING IRREGULARITY

2.02 A motion to attack a proceeding or a step, document or order in a proceeding for irregularity shall not be made, except with leave of the court,

(a) after the expiry of a reasonable time after the moving party knows or ought reasonably to have known of the irregularity; or

(b) if the moving party has taken any further step in the proceeding after obtaining knowledge of the irregularity.

COURT MAY DISPENSE WITH COMPLIANCE

2.03 The court may, only where and as necessary in the interest of justice, dispense with compliance with any rule at any time.

Chaisson (c.o.b. Safe Haven Guest House) v. McKeil (1996), 147 Nfld & P.E.I.R. 153 (P.E.I.S.C.-T.D.)

Applies *Read v. Read* infra.

Read v. Read et al. (No. 1) (1995), 131 Nfld. & P.E.I.R. 91 (P.E.I.S.C.-T.D.)

When documentation filed to initiate prejudgment garnishment proceedings does not comply with the Rules of Court the irregularities cannot be cured and it is necessary, in the interests of justice to set aside the proceedings.

Island Opry Inc. et al. v. Tweedy Ross (1996), Nfld. & P.E.I.R. 36 (P.E.I.S.C.-T.D.)

The purpose of Rule 2.01(1)(a) is to secure the just determination of the real matter in dispute and accordingly, the defendant was granted an adjournment to amend the statement of defence.

Dunphy v. Registrar of Motor Vehicles, 2001 PESCTD 28

The applicant, a minor, made an application for judicial review without the assistance of a litigation guardian. The trial judge applied Rule 2.03 and dispensed with the requirement of Rule 7.01 that a proceeding by a minor shall be commenced by a litigation guardian.

Wood v. Bonnell (1993), 104 Nfld. & P.E.I.R. 291 (P.E.I.S.C.-A.D.)

Rule 2.03 was relied upon to cure non-compliance with Rule 61 relating to the filing of documentation on an appeal.

RULE 3

TIME

COMPUTATION

3.01 (1) In the computation of time under these rules or an order, except where a contrary intention appears,

(a) where there is a reference to time expressed as clear days, weeks, months, or years, or as "at least" or "not less than" a number of days, weeks, months, or years, the first and last day, week, month or year shall be excluded.

(b) in the calculation of time not expressed as clear days, or other period of time not referred to in clause (a), the first day shall be excluded and the last day included.

(c) where a period of seven days or less is prescribed, holidays shall not be counted;

(d) where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday; and

(e) service of a document, other than an originating process, made after 4 p.m. or at any time on a holiday shall be deemed to have been made on the next day that is not a holiday.

(2) Where a time of day is mentioned in these rules or in any document in a proceeding, the time referred to shall be taken as the time observed locally.

EXTENSION OR ABRIDGMENT

General Powers of Court

3.02 (1) Subject to subrule (3), the court may by order extend or abridge any time prescribed by these rules or an order, on such terms as are just.

(2) A motion for an order extending time may be made before or after the expiration of the time prescribed.

Times in Appeals

(3) An order under subrule (1) extending or abridging a time prescribed by these rules and relating to an appeal to the Court of Appeal may be made by a panel or by one judge of the Court of Appeal.

Consent

(4) A time prescribed by these rules for serving, filing or delivering a document may be extended or abridged by filing a consent.

WHEN PROCEEDING MAY BE HEARD

Hearings Throughout the Year

3.03 Proceedings may be heard throughout the year, except that during July and August and from December 24th to the following January 6th, both dates inclusive, no trial of an action shall be held unless the consent of all parties is filed or the court orders otherwise.

Court Office Hours

3.04 (1) In these rules, "summer months" means the period commencing on the last Monday in May and ending on the last Friday in September each year.

(2) Court offices shall be open between 8:30 A.M. and 5:00 P.M. every day except a holiday and except during the summer months. During the summer months, court offices shall be open between 8:00 A.M. and 4:00 P.M. every day except a holiday.

Court Filing Hours

3.05 Filing hours for court documents shall begin at 8:30 A.M. and end at 4:00 P.M. every day except a holiday and except during the summer months. During the summer months, filing hours shall begin at 8:00 A.M. and end at 3:30 P.M. every day except a holiday.

Urgency

3.06 With the consent of the prothonotary, a court office may be open at any time where the relief sought requires urgency.

Ayangma v. City of Charlottetown, 2016 PECA 14

Rule 3.02
The court granted an application for an extension of time to file a Notice of Appeal. The court found that while the applicant did not meet the factors to be considered when granting an extension, it was in the interests of justice to do so.

Thomas v. Thomas Estates, 2016 PECA 13

Rules 3.02, 61.03, 61.03(1)
The court denied an application for an extension of time to commence two appeals. The court again cited the applicable factors:

1. Does the appeal have merit?
2. Was there a *bona fide* intention to appeal?
3 Is there a reasonable excuse for a delay in not filing within the prescribed time?
4. Are there exceptional or special circumstances justifying the extension of time?

Additionally, the court treats the question of whether the "*justice of the case*" requires that an extension be given as the governing principle and employs all of the mentioned factors, as well as prejudice to the other party, as factors. This approach facilitates a full assessment of the competing interests.

Ellis v. Callahan & Camp Abegweit 2006 PESCTD 52

The court granted an order extending the time for service of the statement of claim on a defendant. If the defendant is alleging prejudice to him as the basis to oppose the extension of time, he must show it is prejudice which has been caused by the delay.

Bentham v. Bentham (1999), 170 Nfld. & P.E.I. R. 273 (P.E.I.S.C.-A.D.)

Application for an extension of time to file a Notice of Appeal. The decision of Mitchell J.A. in *Bryant v. Fenton* (1998) 166 Nfld. & P.E.I. R. 109 (P.E.I.S.C.-A.D.) was applied. Despite the fact the time for filing an appeal had elapsed twelve months prior to the application, an extension was granted on certain conditions.

Bryant v. Fenton (1998) 166 Nfld. & P.E.I. R. 109 (P.E.I.S.C.-A.D.)

The appellant sought an order, pursuant to Rule 3.02, to extend the time prescribed by Rule 61.07(1) for perfecting an appeal. Although a motion had been made to the Prothonotary pursuant to Rule 61.11(1) to dismiss the appeal, the Court extended the time for perfecting the appeal because it is desirable to have appeals decided on their merits and because the respondent would not suffer any prejudice by the granting of the extension. The appellant was, however, ordered to pay the costs of the respondent in making the motion for dismissal to the Prothonotary.

In the Matter of the Estate of Duncan MacCannell, [1995] 2 P.E.I.R. 87 (P.E.I.S.C.A.D.)

The court denied an application for an extension of time to file a notice of appeal because the applicant did not demonstrate he had an arguable case on appeal.

Ellis and Birt Ltd. v. Island Regulatory and Appeals Commission (P.E.I.) (1993), 105 Nfld. & P.E.I.R. 65 (P.E.I.S.C.-A.D.)

The Rule is applicable to an application to extend or abridge the time for filing a notice of appeal pursuant to s.13 of the **Island Regulatory and Appeals Commission Act** R.S.P.E.I. 1988 Cap. I-11.

D.B. and L.B. v. Director of Child Welfare (1992), 100 Nfld. & P.E.I.R. 333 (P.E.I.S.C.-A.D.)

On an application to extend or abridge the time for filing a notice of appeal the Court must address the following questions: (1) does the appeal have merit; (2) was there a bona fide intention to appeal; (3) is there a reasonable excuse for the delay in not filing within the prescribed time and; (4) are there exceptional or special circumstances justifying the extension of time?

Tab B

SUPREME COURT OF PRINCE EDWARD ISLAND

Citation: In Re Entegrity Wind Systems Inc. 2009 PESC 25 Date: 20090819
Docket: S1-BK-2429
Registry: Charlottetown

In the Matter of the Notice of Intention to make a Proposal of:

ENTEGRITY WIND SYSTEMS INC.

INSOLVENT PERSON

PRICEWATERHOUSECOOPERS INC.

TRUSTEE

In the matter of an Application by Entegrity Wind Systems Inc. having a place of business in Charlottetown, Prince Edward Island, to grant an extension for filing a Proposal pursuant to Section 50.4 of the *Bankruptcy and Insolvency Act*.

BEFORE: The Honourable Justice Wayne D. Cheverie

Appearances:
Krista MacKay & John Keith (via telephone) solicitors for the applicant
Michael Drake & Jeffery Cormier, solicitors for respondent, Mercantile Finance Services Ltd.

Place and date of hearing
August 14, 2009

Place and date of judgment
August 19, 2009

In the Matter of the Notice of Intention to make a Proposal of:

ENTEGRITY WIND SYSTEMS INC.

INSOLVENT PERSON

PRICEWATERHOUSECOOPERS INC.

TRUSTEE

In the matter of an Application by Entegrity Wind Systems Inc. having a place of business in Charlottetown, Prince Edward Island, to grant an extension for filing a Proposal pursuant to Section 50.4 of the *Bankruptcy and Insolvency Act*.

Supreme Court of Prince Edward Island
Before: Cheverie J.
Heard: August 14, 2009
Judgment: August 19, 2009
[9 pages]

Bankruptcy and insolvency - proposal - time period to file - extension of time.

Insolvent person filed notice of intention to make proposal - Section 50.4(8) of the *Bankruptcy and Insolvency Act* required insolvent person either to file proposal or obtain extension of time to file proposal within 30 days - insolvent person brought motion for extension of time before end of 30 day period - motion granted - insolvent person met the three part test for extending time as set out in s. 50.4(9) of the *Act* - action taken against the insolvent person by a secured creditor immediately following the filing of the notice of intention to make a proposal, and subsequent application to the court in that matter was relevant to the determination of an extension of time.

STATUTE CONSIDERED: ***Bankruptcy and Insolvency Act***, R.S.C. 1985, c. B-3, s-ss. 50.4(9), 50.4(1), 50.4(8).

RULE CONSIDERED: ***Prince Edward Island Rules of Civil Procedure***, Rule 2.03.

CASES CONSIDERED: ***Re Baldwin Valley Investors Inc.***, 1994 CarswellOnt. 253; ***H & H Fisheries Ltd. (Re)***, 2005 CarswellNS 541; ***Re Cantrail Coach Lines Ltd.***, 2005 BCSC 351.

Krista MacKay & John Keith (via telephone) solicitors for the applicant
Michael Drake & Jeffery Cormier, solicitors for respondent, Mercantile Finance Services Ltd.

Cheverie J.:

Introduction

[1] This motion is brought by Entegrity Wind Systems Inc. ("Entegrity") for an order abridging the time for the service of the motion and, if granted, an order pursuant to s-s. 50.4(9) of the ***Bankruptcy and Insolvency Act***, R.S.C. 1985, c. B-3 as amended R.S.C. 1985, c. 27 first supplement ("BIA") for an extension of 45 days within which to file a proposal as per its notice of intention under s-s. 50.4(1) of the BIA. Entegrity is insolvent and has engaged the services of Pricewaterhousecoopers Inc. as Trustee.

[2] The single largest creditor of Entegrity is Mercantile Finance Services Ltd. ("Mercantile"). It alone opposes Entegrity's motion for an extension of time. As will be seen from a discussion of the applicable law, Entegrity suggests it has discharged the burden of proof on it to satisfy the three part test set out by Parliament in s-s. 50.4(9) of the BIA, while Mercantile argues Entegrity has not met any of the branches of the test and, therefore, the extension ought not be granted and the motion should be dismissed, with costs.

[3] Allow me first to dispose of the motion for an order abridging the time for service of this motion. This was not seriously contested by Mercantile and I am satisfied the interests of justice require abridgement of time as per Rule 2.03 of the ***Rules of Civil Procedure***. Given the rapid pace of events involving Entegrity and Mercantile over the past six weeks or so, I am of the view the motion ought to be heard notwithstanding the strict time frames of the ***Rules*** have not been met.

The law

[4] Entegrity filed its Notice of Intention to Make a Proposal pursuant to s-s. 50.4(1) of the BIA on July 15, 2009. By operation of s-s. 50.4(8) of the BIA, Entegrity is required to file a proposal within 30 days of that date unless it otherwise obtains an extension of time from the court within that 30 day period.

[5] Parliament has set the rules for obtaining an extension of time for filing a proposal. Those rules are contained in s-s. 50.4(9) of the BIA which reads as follows:

> (9) Extension of time for filing proposal - The insolvent person may, before the expiration of the thirty day period mentioned in subsection (8) or any extension thereof granted under this subsection, apply to the court for an extension, or further extension, as the case may be, of that period, and the court may grant such extensions, not exceeding forty-five days for any individual extension and not exceeding in the aggregate five

months after the expiration of the thirty day period mentioned in subsection (8), if satisfied on each application that

(a) the insolvent person has acted, and is acting, in good faith and with due diligence;

(b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and

(c) no creditor would be materially prejudiced if the extension being applied for were granted.

The parties agree Entegrity's motion has been brought and heard within 30 days of filing. The parties also agree that the three part test is conjunctive and the onus on Entegrity is to establish all three prongs of the test. If Entegrity fails on any one branch, its motion must be dismissed. (See ***Re Baldwin Valley Investors Inc.***, 1994 CarswellOnt. 253 at para. 7.) As in so many cases, the applicable law is clear, it is the application of that law to the particular facts of each case which is more challenging. The case at bar is an example of that challenge.

Positions of the parties and discussion

[6] At this juncture I shall identify each of the three parts of the applicable test, summarize the position of each party on that element, and arrive at a conclusion with respect to whether the particular test has been met.

(a) Has Entegrity acted in good faith and with due diligence?

[7] Mercantile argues Entegrity has not acted in good faith nor has it proceeded with due diligence. Central to this argument is the affidavit of John F. Gundy, Vice President, Commercial Lending and Portfolio Management, for Mercantile, where in his affidavit of July 14, 2009 at para. 27 he deposes that James Heath, who is the President and Chief Executive Officer of Entegrity, disclosed to him at a June 8, 2009 meeting that he had arranged to have equipment transferred from existing contracts over which Mercantile held security to other buyers over which Mercantile did not have security. Gundy further deposes Heath indicated in no uncertain terms he had diverted Entegrity funds from Mercantile to Entegrity's accounts to pay bills and make payroll payments. Gundy alleges these funds were properly payable to Mercantile pursuant to the credit agreement between the parties and Mercantile's security. Therefore, says Mercantile, Entegrity was not acting in good faith.

[8] Entegrity's response to this allegation is contained in the affidavits of Heath of August 10, 2009 and August 13, 2009. The detail of Entegrity's response is contained in paras. 10 through 17 of Heath's latter affidavit. He denies any

misappropriation or misdirection of company funds and refers to monies received from various projects and how they were dispersed. In one case funds were used for payment of employee health insurance and to complete two additional projects. In another case some funds were used to repay out of pocket expenses to US employees volunteering during this period of time. Further, Heath deposes that during this relevant period of time Entegrity generated a total of $271,000 CAN and that the cash received in July 2009 was approximately 90% of the July plan submitted to its trustee, a plan wherein Entegrity proposed to pay off Mercantile. I infer from these actions the direction of funds as detailed in Heath's affidavit were in the interests of keeping the company afloat, which objective, if achieved, would ultimately benefit its primary secured creditor, Mercantile.

[9] In addition to the use of funds from various projects, Heath deposes at para. 17 of his August 13 affidavit that he provided an additional $600,000 of capital to Entegrity and began to use all funds for maintaining operations. His version of meetings with Gundy and others in Toronto differs in some respects from the version of events advanced by Mercantile. However, Heath says as a result of those meetings he called an emergency meeting of his board, hired an individual to assist the board in its fiduciary responsibility to creditors and then Heath made the requested interest and fee payment out of his own funds.

[10] As I assess the allegations and responses from the parties with respect to good faith, I am not of the view Entegrity failed to act in good faith during this tumultuous period. Rather, it appears Entegrity was attempting to address Mercantile's demands and in the course of doing so, used funds from projects as well as its own funds to maintain the company while it moved on an overall plan to extricate itself from its difficulties. In this context, the allegation that Heath arranged to have equipment transferred from existing contracts to other buyers over which Mercantile did not have security is not quite as damaging. The allegation is not that Entegrity converted machinery over which Mercantile held security so much as it was a redeployment of equipment to other contracts in which Mercantile was not a financier.

[11] Mercantile also argues Entegrity has not acted with due diligence. It argues that neither Heath nor Walter MacKinnon, the Trustee for Entegrity, has offered any particulars of the due diligence. Entegrity argues there are no details of the proposal being developed by it, to say nothing of the fact whether the proposal is viable or not. Mercantile's argument here spills over into its argument on the second branch of the test that Entegrity is not likely to be able to make a viable proposal even if the extension applied for were granted. It points to para. 12 of Heath's affidavit of August 10, 2009 as a bare assertion that Entegrity has had meetings with "an interested investor, Valmont Industries Inc." and that Valmont is "interested to go forward subject to the court's decision."

[12] As argued by Mercantile, it is true Heath provides no details of the nature of his discussions with Valmont; the substance of those discussions; the nature and extent of any involvement proposed by Valmont; whether Valmont's interest includes a provision for paying out Mercantile; or any terms and conditions of Valmont's interest. Mercantile alleges this is nothing more than a bare assertion. This argument is equally applicable and intertwined with the allegation by Mercantile that there is no hope for a viable plan forthcoming from Entegrity if it is granted the extension of time sought.

[13] Entegrity's response to the allegation of lack of due diligence is really contained in the chronology of events which have unfolded since the Spring of this year and particularly since it filed its Notice of Intention to Make a Proposal on July 15, 2009. Essentially, as I understand it, having filed the Notice of Intention, Entegrity then engaged the services of Pricewaterhousecoopers Inc. as Trustee as required by s. 50.4 of the BIA. It then complied with the filings required by s-s. 50.4(2) of the BIA including the development of a cash flow statement. It notified its creditors as required and provided the cash flow statement to its Trustee.

[14] Walter MacKinnon, in his affidavit of August 10, 2009 indicates he has reviewed that cash flow statement and then he filed a Trustee's report on that statement on July 24, 2009. He kept unsecured creditors apprised of Entegrity's activities, all the while noting Mercantile appointed a private receiver, A.C. Poirier & Associates on July 16, 2009 who took possession of the assets of the company and issued the required notice under s. 245 of the BIA to creditors. Of note is the step taken by Mercantile to appoint its own receiver the day after Entegrity filed its Notice of Intention to Make a Proposal. I am advised by counsel, and it appears from certain documents filed in this motion, that another dispute was being addressed by Taylor J. of this Court. (Taylor J. rendered his decision on August 14, 2009 - Mercantile v. Entegrity 2009 PESC 23.) Apparently that dispute focussed on the legality of the waiving of a ten day notice period required by the BIA so that Mercantile could move more quickly to realize on its security. I say that generally because I am not aware of the exact details, suffice to say the parties engaged counsel and the matter was vigorously litigated, taken under advisement by Taylor J. and subsequently determined by him.

[15] The purpose of referencing that action is to provide some context for the activities of Entegrity since filing its Notice of Intention to Make a Proposal. It appears to me Entegrity was trying to act with due diligence during this time, but at the same time was distracted by the actions advanced by Mercantile, resulting in another court action, the requirement to deploy resources to answer those allegations, with the resultant lessening of time needed to address its proposal. In all of these circumstances, I am satisfied Entegrity acted with due diligence and, therefore, it has met the burden required in part one of the test.

(b) Whether Entegrity would likely be able to make a viable proposal if the extension being applied for were granted?

[16] To a degree, the arguments of the parties under this part of the test have been at least partially addressed in the discussion of due diligence. It is clearly Mercantile's position that not only will Entegrity not be able to file a viable proposal, it is not likely to be able to file any proposal. In addition, Mercantile has made it quite clear that short of being paid out in full, it is not interested in any proposals forthcoming from Entegrity. It has simply lost faith in Heath who is the principal of Entegrity and no longer wishes to do business with him. It relies on ***Baldwin Valley Investors Inc.*** at para. 4 for the proposition that a viable proposal should have to take on some meaning akin to one that seems reasonable on its face to the "reasonable creditor." As Farley J. pointed out:

> ...there is no indication of the names and substance of all these fall back partners. It does not appear to me that the debtor companies have shown that they are likely to be able to make a viable proposal... I do not see the conjecture of the debtor company's rough submission as being "likely".

In ***Baldwin Valley***, Farley J. was faced with the situation where a draft proposal had been advanced. Mercantile argues there is no such draft proposal in the present case but rather only what they characterize as the vague hearsay assertions of a potential interested investor and alleged discussions with a further unnamed investor. Mercantile further argues there is no evidence Entegrity is even working on a proposal of any kind, let alone a viable proposal.

[17] Mercantile also referred the court to the Nova Scotia decision in ***H & H Fisheries Ltd. (Re)***, 2005 CarswellNS 541 where Goodfellow J. wrote at paras. 22 and 23 with respect to what is meant by "viable." He wrote:

> [22] "Viable" in this context means a proposal which seems reasonable on its face to a reasonable creditor (Re Baldwin Valley Investors Inc., [1994] 23 C.B.R. (3rd) 219). Again, the court must be satisfied on a balance of probabilities that HHFL would likely. This at the very least means that a reasonable level of effort dictated by the circumstances must have been made that gives some indication of the likelihood a viable proposal will be advanced within the time frame of the extension applied for.
>
> [23] Lack of detail and assurance of this kind was considered in St. Isidore Meats Inc. v. Paquette Fine Foods Inc. [1997] O.J. No. 1863. In dismissing an application for an extension of time, Justice Chadwick stated (at para. 16):
>
>> ... [T]he debtors have not been able to put forth any meaningful financial plan which would support a proposal. There is a vague

> reference in the affidavit material that they have approached at least two prospective purchasers, however there is no evidence that any of these parties are interested in assisting the debtor either now or in the future.

[18] At first glance it would appear the circumstances outlined by Goodfellow J. would sound a death knell to Entegrity in the case at bar. Certainly no detailed proposal has been advanced by Entegrity at this stage. However, their argument countering that of Mercantile must be considered carefully. Firstly, as already referred to in these reasons, Entegrity takes the position it has been preoccupied with the legal initiatives advanced by Mercantile requiring it to defend itself before another judge of this court and that action has not only drawn upon what meagre resources it has, but has also detracted from its ability to prepare its proposal within the strict 30 day legislative requirement.

[19] However, Entegrity does not rely entirely on the circumstances facing it since July 15, 2009 as meeting its obligation under part two of the test. It points to the affidavit of its Trustee, Walter MacKinnon, and the cash flow statement attached thereto which it was required to file under the BIA. Further to this cash flow statement is the evidence of Heath in his August 10 affidavit wherein he deposes in para. 3 that the company has completed two projects since July 15, 2009 and has received another four orders since that time (no details provided), but in doing so Entegrity has achieved 90% of the cash receipts as set out in the cash flow statement even though it has not been able to access inventory since the Receiver has been put in place. Heath also deposes Entegrity reduced its staff in order to further cut costs.

[20] In his August 13, 2009 affidavit, at para. 19, Heath outlines the actions taken by Entegrity to complete its proposal within the 30 day period. In para. 19 he advises the names of three individuals who have been working with him daily on a draft of the proposal. He advises the narrative or qualitative portion of the proposal is near completion and he anticipates the ability to complete the full proposal (including the quantitative or accounting aspects within 45 days). Furthermore, he says Entegrity's proposal contemplates Mercantile being repaid in full and to that extent Mercantile is protected. He again references the possible investment of Valmont Industries and others unnamed and he says they have done all this despite the fact they are contesting Mercantile's private receivership and alleged premature enforcement.

[21] In normal circumstances, I would expect to see more detail from Entegrity of its proposal, and to that extent I would be in agreement with Mercantile's argument that therefore it would be unlikely Entegrity would be able to make a viable proposal if time were extended. However the circumstances of this case do not appear to be normal. As soon as Entegrity filed its Notice of Intention to Make a Proposal, Mercantile moved on its security and appointed a receiver. Entegrity

then lost the ability to deal in an unfettered way with its operation, but did proceed to make efforts to attract other investors. All the while it was embroiled in legal proceedings with Mercantile.

[22] I accept the proposition advanced by Entegrity that the proposal contains two parts - a narrative or qualitative portion and a second quantitative or accounting portion. I also note Entegrity's proposal is not one which seeks to reduce its obligation to Mercantile, but rather it is proposed to pay Mercantile out. If that is the case then Mercantile is saved harmless.

[23] In its argument on this branch of the test, Entegrity relied on and referred the court to the case ***Re Cantrail Coach Lines Ltd.***, 2005 BCSC 351. The headnote indicates the British Columbia Master saying it was disingenuous for a secured creditor to oppose a proposal even before the proposal was made. That is relevant to the case at bar since that is the position taken by Mercantile. In paras. 14, 15 and 16 of the decision, the court articulates why taking such a position is inconsistent with the BIA. The legislation reflects Parliament's direction that in these circumstances the insolvent person has the right to set out a proposal to its creditors, and the BIA describes the process to be followed. And then the court goes on to say this at para. 17:

> Here, as indicated, there are 81 creditors. There is no proposal as of yet. The trustee has set out in a lengthy affidavit and letter attached to it the possibility of a buy-out of this operation, or a merger, and even the possibility of a refinancing. **There is a possibility, though as of yet uncertain, that Volvo could be paid out in full.** It is in my view somewhat disingenuous for the secured creditor to say that they would vote no to any proposal under any circumstances when on the facts here there is no evidence of bad faith and there is no determination at this stage as to what the proposal will actually be. **It may be a proposal which gets them out of the picture completely by some form of payout** -- a proposal which if they voted against they would probably be viewed as irrational businesspeople.
> (Emphasis added.)

In the ***Cantrail*** case, as in the case at bar, there was a possibility, though uncertain, that the creditor could be paid out in full. This was held not to be a bar to a viable proposal.

[24] After considering the peculiar circumstances of this case and the fact there is some case authority to support the proposition this branch of the test may be achieved without an actual formal proposal in existence, I am satisfied on the balance of probabilities that Entegrity again has discharged the burden on it and they would likely be able to make a viable proposal if the extension were granted.

(c) Will any creditor be materially prejudiced if the extension being applied for were granted?

[25] The emphasis in this part of the analysis must be on the phrase "materially prejudiced." As I read the law, it is not a question of simply a creditor being prejudiced by an extension of time, but rather that creditor must be materially prejudiced. The only creditor opposing the application for extension is Mercantile. Therefore I must examine whether it will be materially prejudiced if the extension is granted.

[26] Mercantile argues Entegrity has been in default of its obligations to it since May, 2009 and that the total secured indebtedness to Mercantile as at July 9, 2009 was in excess of $3 million with a per diem since that time of over $1,880. This clearly amounts to some prejudice to Mercantile, but can it be said to materially prejudice Mercantile? It is clear from the evidence that Mercantile wishes to part company with Heath. They repeat on numerous occasions that they have lost all confidence in the ability of James Heath to manage Entegrity's affairs and business operations. However, at the time of this hearing, Mercantile, acting on its security, had taken control of Entegrity such that any prejudice to it would be minimized.

[27] Entegrity conceded that if the pending decision of Taylor J. allowed the BIA to prevail, there "may" be some prejudice to Mercantile, but it would be minimal. It argues Mercantile does not trump the other creditors and that by filing a Notice of Intention to Make a Proposal and now seeking an extension to make good on the details of that proposal, Entegrity has put itself under the pressure of a process which has dire consequences for it if it does not meet with the approval of all the creditors.

[28] It is true the per diem owing to Mercantile is clicking at the rate of $1,880 per day. I do not intend to trivialize this amount, but in the overall scheme of things, given its stated exposure in excess of $3 million, $1,880 per day over the extension period does not in and of itself amount to material prejudice to Mercantile. It still has its security. The BIA allows for proposals to be advanced by companies like Entegrity found in circumstances like the present. If Parliament did not wish to provide a window of hope for companies like Entegrity, it would not have enacted the provisions of the BIA which allow for the advancement of proposals to creditors short of immediately bankrupting the company. Likewise, Parliament chose the wording in subsection 50.4(9) carefully and in the third prong of the test was concerned about a creditor who would be materially prejudiced upon the granting of an extension, not a creditor who would be simply prejudiced. Again, on the balance of probabilities, I am satisfied Entegrity has met the burden placed on it and the third part of the test has been met.

Conclusion

[29] Based on the evidence before me, I have asked myself whether it is more likely than not that Entegrity has acted, and is acting, in good faith and with due diligence; whether Entegrity would likely be able to make a viable proposal if the extension being applied for were granted; and whether any creditor would be materially prejudiced if the extension being applied for were granted; and in each case I am satisfied Entegrity meets the test.

[30] For all of these reasons, I exercise the discretion reposed in me under s-s. 50.4(9) of the BIA and I extend the time allowed for Entegrity to file its proposal for 45 days from August 14, 2009 when its initial 30 day period was due to expire. My calculation of the 45 day extension allows Entegrity up to and including September 28, 2009 to complete its proposal.

[31] In its notice of motion, Entegrity has not sought its costs, nor were costs sought by counsel at the hearing. However, Entegrity shall have its costs of this motion in the cause.

________________________________ J.

August 19, 2009

Tab C

BENNETT

on

RECEIVERSHIPS

Second Edition

by

Frank Bennett

L.S.M., LL.M.

Toronto, Canada

CARSWELL

2. DISTRIBUTION OF PROCEEDS

Throughout the administration of the receivership, a court-appointed receiver is required to collect and retain all cash proceeds acquired through the carrying on of the business, and ultimately through the sale and disposition of the capital assets. The receiver should bring a motion for court approval before distributing any of these moneys. While the order creating the receivership usually gives the receiver power to distribute moneys, the receiver should not disburse moneys to a litigant, except where there were compelling or extraordinary reasons, without a determination of rights, as the payments would destroy the appearance of fairness and impartiality.[21] However, the original order may provide directions to pay the interest and principal to higher ranking security holders, and to pay the costs incurred in the management and disposition of assets, before any proceeds are paid to the security holder who invoked the receivership or other creditors. Where there are several secured creditors in a court appointment, the parties should consider entering into an allocation or priorities agreement as to the distribution of sale proceeds in order to avoid any argument later on as to the division.[22]

On any motion to distribute proceeds from the realization, the receiver ought to serve any person who has an interest in the equity. The receiver should be directed to solicit claims in order to determine their validity, priority and quantum. Where possible, the procedure in a court appointment should follow the procedure in dealing with claims under the *Bankruptcy and Insolvency Act*.[23] The receiver should be given the power to allow or disallow claims. If a claim is disallowed, the claimant ought to be given 30 days to appeal the receiver's decision.[24] If the claimant elects to collect a dividend as an unsecured creditor, the claimant should not be able to claim priority subsequently.[25] Moreover, where there are insufficient funds, the claimant should be given an opportunity to challenge prior claims recognized by the receiver. After the final determination of the claims, the receiver moves for an order distributing the proceeds.

The distribution of proceeds varies to a great extent with the nature of the debtor's business. Aside from the claims of higher ranking contractual priorities, the receiver is inevitably confronted with numerous complex and overlapping statutory priorities regulating the debtor's business. If the receiver realizes sufficient proceeds during the management and sale of assets, no priority prob-

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21 *Royal Bank v. Vista Homes Ltd.* (1985), 67 B.C.L.R. 152, 58 C.B.R. (N.S.) 144 (S.C.).

22 See *Adelaide Capital Corp. v. St. Raphael's Nursing Homes Ltd.* (1995), 42 C.B.R. (3d) 17 (Ont. Gen. Div.)

23 R.S.C. 1985, c. B-3, section 135, as amended S.C. 1992, c. 27, section 53. Where a receiver rules on a claim, the court should not lightly interfere with the decision: *Pont v. Brown* (1974), 21 C.B.R. (N.S.) 272 (headnote only) (Ont. Master).

24 See *Del Zotto v. International Chemalloy Corp. (No. 4)* (1978), 27 C.B.R. (N.S.) 160n (Ont. S.C.). In most cases, the security holder should have a judgment against the debtor before the court orders a distribution: *First Pacific Credit Union v. Grimwood Sports Inc. et al.* (1984), 59 B.C.L.R. 145, 56 C.B.R. (N.S.) 7, 16 D.L.R. (4th) 181 (C.A.).

25 *Re Maritime Farm Equipment Ltd.* (1981), 36 N.B.R. (2d) 240, 94 A.P.R. 240 (Q.B.) where the receiver converted the claimant's property.

matters that were liquidated at the time of crystallization even though unrelated and not exercised.[215]

Insofar as set-off in equity is concerned, the right may be permitted where one of the claims is liquidated and one claim is unliquidated. The more difficult case is where one of the claims is unliquidated as the amount of the debt has not been determined. If the claim is unliquidated, the matters must be inseparably connected with a contract which gives rise to an action commenced by the debtor or its receiver. As stated in *Telford v. Holt*, set-off is permitted in a situation where there are cross claims arising out of the same contract or a series of events or were closely connected. A common example is where the debtor sells goods and subsequently sues for the purchase price. If the goods are defective, the buyer may defend, counterclaim or claim set-off for damages which damages may diminish, satisfy or even exceed the purchase price. The debtor's assignee, the receiver, acquires no greater rights and is subject to the equities. Here, the cross claims arise out of the same or one related transaction. Where the claims do not arise out of the same contract or one so closely connected then set-off will be refused.[216]

Set-off by the creditor is not permitted following receivership if the creditor makes payment to the receiver instead of asserting the right of set-off. The creditor has no special rights against the assets in receivership, although the claim continues against the debtor, if the creditor pays its debt to the receiver under a

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215 In a competition between a bank holding section 427 *Bank Act* security and an account debtor to the debtor, the court recognized that the registration of a notice of intention constitutes constructive notice to the world: *Royal Bank v. Lions Gate Fisheries Ltd.* (1991), 53 B.C.L.R. (2d) 1, 76 D.L.R. (4th) 289, [1991] 3 W.W.R. 40 (C.A.), following *Henfrey v. G.H. Singh & Sons Trucking Ltd.* (1981), 33 B.C.L.R. 129, [1982] 2 W.W.R. 177 (S.C.) such that set-off was denied. On the other hand, in *Mercantile Bank of Canada v. Leon's Furniture Ltd.* (1989), 67 O.R. (2d) 454, 42 B.L.R. 1 (S.C.), affirmed (1992), 11 O.R. (3d) 713, 18 C.B.R. (3d) 72, 98 D.L.R. (4th) 449 (C.A.), Leon's, a furniture store, was entitled to set off amounts owing for volume rebates, advertising costs, and costs for warranties against the bank which held section 178 [now section 427] *Bank Act* security as the claim was so closely connected with the rights of the bank in the receivables that it would be unconscionable to exclude equitable set-off

216 *Abacus Cities Ltd. v. Aboussafy*, above, note 197; *Canadian Imperial Bank of Commerce v. Twin Richfield Oils Ltd.*, above, note 200, where, although there was no relationship between the two contracts, the creditor successfully argued that at the time of the debtor's receivership, the debtor held moneys in trust for the creditor; *Royal Bank v. Lions Gate Fisheries Ltd.*, above, note 215 where set-off was denied as the debts arose out of two separate transactions, at different times and for different products; and in *Ontario Development Corp. v. F.P. Bourgault Industries Cultivator Division Ltd.* (1995), 133 Sask. R. 311, 35 C.B.R. (3d) 255, [1995] 9 W.W.R. 342 (Q.B.), the court denied set off where the contracts with the debtor were not closely connected with the contracts completed for the receiver and there was no interdependency or nexus between the contracts as there was in the *Mercantile Bank v. Leon's Furniture Ltd.* case, above, note 215.

Likewise, where the court-appointed receiver borrows money and after final realization, there is insufficient money to pay all new debts incurred from trade creditors, the receiver's fees are deferred to the costs of realization and the claims of trade creditors dealing with the receiver. In *Re Bank of Montreal and Pioneer Meat Packers Ltd.*,[32] the British Columbia Court of Appeal determined the priorities of the receiver's own fees and disbursements, the claims of trade creditors and the receiver's borrowings. Although the receivership order provided for borrowings on a revolving line of credit, the receiver disclaimed personal liability in the certificates. The holder did not rely upon the receiver's covenant but rather it relied upon the charge covering the assets under the administration to secure the borrowings. The court implied that the security holder's floating charge in the certificate made the charge subject to the claims of trade creditors doing business with the receiver and the claim of the receiver for remuneration. Thus, the court held that the proceeds of realization were to be applied in the following priority:

(1) the costs of realization,
(2) the trade creditors with whom the receiver dealt,
(3) the receiver's own remuneration,
(4) the receiver's borrowings, and
(5) the principal debt owing to the security holder.[33]

These cases may put a court-appointed receiver in an awkward position if there are insufficient funds to pay the receiver's borrowings. Any lender to a court-appointed receiver may require protection as advances come after the receiver's remuneration and the costs of realization. Thus, the order initially appointing a receiver should provide for priority for such borrowings over the receiver's remuneration or the receiver may subsequently have to bring a motion for a specific order providing priority for such borrowings.

Lastly, the receiver must obtain clearance certificates from different government bodies before distributing any moneys to creditors. If the receiver fails to obtain such certificates, the receiver faces a claim for personal liability. The clearance certificate gives the government an opportunity to check whether there are any moneys outstanding to which it can claim priority.[34]

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32 (1981), 119 D.L.R. (3d) 730 (B.C. C.A.).

33 *Re Bank of Montreal and Pioneer Meat Packers Ltd.* (1980), 19 B.C.L.R. 368, 109 D.L.R. (3d) 251, 113 D.L.R. (3d) 86 (S.C.), appeal allowed in part (1981), 26 B.C.L.R. 70, 38 C.B.R. (N.S.) 40, 119 D.L.R. (3d) 730 (C.A.), following *Strapp v. Bull, Sons & Co.*; *Shaw v. London School Bd.*, [1895] 2 Ch. 1 (C.A.); see also *Re Glasdir Copper Mines, Ltd.*; *English Electro-Metallurgical Co. v. Glasdir Copper Mines Ltd.*, [1906] 1 Ch. 365 (C.A.); *Re A. Boynton, Ltd., Hoffman v. A. Boynton Ltd.*, [1910] 1 Ch. 519, where the receiver's remuneration took priority over the receiver's borrowings from the security holder, a bank, which initiated the receivership, while the receiver did not exclude his personal liability, the court held that the bank did not intend to rely upon the receiver's covenant. The bank was not an independent banker advancing money from the outside.

34 See subsection 23(5) of the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended 1985, c. 5 (2nd Supp.), section 1; subsections 159(2) and (3) of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended 1998, c. 19, section 185.

See subsection 22(3) of the *Retail Sales Tax Act*, R.S.O. 1990, c. R.31, as amended.

(a) Assets Under Fixed Charge

As a general rule, a security holder claiming a specific charge against a specific asset has priority over the proceeds of sale against all suitors including the claim of the receiver for fees and disbursements. In other words, the court should not subject the assets secured by a prior security holder to the fees and disbursements of the receiver. Otherwise, the security holder may claim the asset *in specie*, subject to the rights of subordinate security holders and of the debtor to cause a sale of the property, if provided for under the legislation governing the security.

There are a number of exceptions to this priority. First, it is necessary to consider the type of asset which the security holder with a fixed charge is claiming in conjunction with any legislation creating a lien or trust. For example, if the asset is real property, it is subject to municipal realty taxes in most jurisdictions.[35] If the assets are subject to a tax before they become the property of the debtor, a creditor holding security cannot claim priority if the tax is not paid.[36] If a contractual or deemed trust is created prior to the granting of a fixed charge, the trust has priority if the trust property is identifiable or if the legislation deems the trust property to exist and thus avoids the tracing problem. In *Yorkshire Trust Co. v. Empire Acceptance Corp. Ltd.*,[37] the debtor was in the business of arranging mortgages for investors. Following the debtor's receivership, the receiver successfully sued an appraiser as a result of a negligent appraisal. In an action to determine who was to receive the proceeds, the court concluded that the receiver held the proceeds on a constructive trust for the investors as they had an independent action for the loss caused by the appraiser and the creditors at large would be unjustly enriched if they obtained the fruits of the action.

Secondly, the receiver may incur certain expenses which will have priority over the fixed charge.

In *Robert F. Kowal Investments Ltd. et al. v. Deeder Electric Ltd.*,[38] a court-appointed receiver of a partnership applied for discharge and requested an order granting priority over an existing mortgage for its remuneration, legal costs and expenditures. Part of these expenditures included payments under the mortgage. In refusing the receiver priority for the mortgage payments, which only benefitted the partners and unsecured creditors, Houlden J.A. reiterated the

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35 See Chapter 8, "3. Realty Taxes"

36 See *Chateau Insurance Co. v. Dunwoody Ltd.* (1986), 56 O.R. (2d) 584, 61 C.B.R. (N.S.) 226, 31 D.L.R. (4th) 624 (S.C.), affirmed (1988), 66 O.R. (2d) 800, 71 C.B.R. (N.S.) 178, 55 D.L.R. (4th) 319 (C.A.), where the court held that the duties payable under the *Customs Act* took priority over the receiver's claim to the assets. But distinguished in *Peace Bridge Brokerage Ltd. v. Bank of Montreal* (1992), 7 O.R. (3d) 682, 9 C.B.R. (3d) 167 (Gen. Div.) where the court held that the Crown did not have any rights against the imported goods *in rem* and therefore the customs broker could not have any higher rights to claim priority over the bank holding security.

37 (1986), 69 B.C.L.R. 357, 24 D.L.R. (4th) 140 (S.C.).

38 (1975), 9 O.R. (2d) 84, 21 C.B.R. (N.S.) 201, 59 D.L.R. (3d) 492 (C.A.); applied in *Canadian Imperial Bank of Commerce v. Wm. C. Rieger Co.* (1991), 15 C.P.C. (3d) 299 (Alta. Q.B.). See also *Batten, Proffitt & Scott v. Dartmouth Harbour Commrs.* (1890), 45 Ch. D. 612; *Carrick v. Wigan Tramways Co.*, [1893] W.N. 98.

general rule that a receiver of a partnership has no power to incur disbursements relating to the partnership property covered by security. He then continued to set out certain exceptions relevant to the case.[39]

(1) A receiver can claim priority for its expenses properly incurred if the security holder applied for the appointment of the receiver or consented or acquiesced thereto.[40]

(2) A receiver can claim priority for expenses properly incurred if the receiver is court-appointed with authority to preserve and realize assets for the benefit of all interested parties including security holders. Ordinarily, notice of the motion to appoint a receiver or of a motion permitting the receiver to borrow is given to security holders whose rights will be affected.[41] If such an order is obtained without notice to others, secured creditors who are affected must apply to vary the order to escape the effect of a priority clause in favour of the receiver.[42]

This exception has been applied in the case of *Deloitte, Haskins & Sells Ltd. v. P.R.D. Travel Investments Inc.*,[43] where the court appointed a receiver under

39 The exceptions set out in the *Kowal Investment* case have been considered and followed in *Lochson Holdings Ltd. v. Eaton Mechanical Inc. et al.; Fed. Bus. Dev. Bank v. Lochson Holdings Ltd. et al.; Fed. Bus Dev. Bank v. Marrick Dev. Corp.*, above, note 30. In that case, a receiver appointed under a third mortgage in foreclosure proceedings borrowed $36,000 for renovations to the property. The holder of the first and second mortgages had no notice and no knowledge of the foreclosure proceedings. Subsequently, the prior security holder commenced its own foreclosure proceedings under which the property was sold. At common law, the court had no power to authorize a receiver's expense without the consent of prior security holders. The court reviewed the exceptions to the general rule and found that none of them applied to this situation such that the receiver was denied priority for his borrowings over the holder of the first and second mortgages.

See also *Alberta Treasury Branches v. Invictus Financial Corp.* (1986), 42 Alta. L.R. (2d) 181, 61 C.B.R. (N.S.) 238 (Q.B.), appeal dismissed (1986), 47 Alta. L.R. (2d) 94, 61 C.B.R. (N.S.) 254 (C.A.); *Canadian Imperial Bank of Commerce v. Wm. C. Reiger Co. Ltd.*, above, note 38; *Royal Bank v. Vulcan Machinery & Equipment Ltd* (1992), 3 Alta. L.R. (3d) 358, 13 C.B.R. (3d) 69, [1992] 6 W.W.R. 307 (Alta. Q.B.) where the court-appointed receiver was unable to maintain priority for its fees over secured creditors after the bank obtained a receivership order without notice and then served the other secured creditors with a copy of the order.

40 *Strapp v. Bull, Sons & Co.; Shaw v. London School Bd.*, above, note 33, where the security holders acquiesced to the receiver's course of dealings. See also *Fed Bus. Dev. Bank v. Persic* (1981), 32 B.C.L.R. 75 (C.A.), where the security holder actively encouraged the receiver to continue his efforts to sell

41 *Braid Bldrs. Supply & Fuel Ltd. et al. v. Genevieve Mtge. Corp.*, above, note 29; *Oberman v. Mannahugh Hotels Ltd.; Mannahugh Hotels Ltd. v. Oberman; Assiniboine Credit Union Ltd. v. Mannahugh Hotels Ltd.*, above, note 28.

42 *Royal Bank v. Vulcan Machinery & Equipment Ltd.*, above, note 39 See also *Royal Bank v. Canadian Aero-Marine Industries Inc.* (1989), 67 Alta. L.R (2d) 172, 74 C.B.R. (N.S.) 221, [1989] 5 W.W.R. 355 (Q.B.); *Bank of Montreal v. Shaw Ranches Ltd.* (1984), 51 B.C.L.R. 235, 51 C.B.R. (N.S.) 292 (S.C.); *Canadian Imperial Bank of Commerce v. Wm. C. Reiger Co. Ltd.*, above, note 38.

43 Also reported as *Re Winmil Holidays Co.* (1984), 10 D.L.R (4th) 572, (*sub nom. Deloitte, Haskins & Sells Ltd. et al. v. P.R.D. Travel Invts. Inc.*) 55 B.C.L.R. 38, 52 C.B.R. (N.S.) 129 (C.A.).

the *Travel Agents Act*[44] for the purpose of preserving and realizing the assets of the debtor for the benefit of all interested parties including the debenture holder. In this case, the receiver was entitled to receive most of its remuneration in priority to the debenture holder even though the receiver had an indemnity from the Registrar under the *Travel Agents Act*.

However, if the receiver proceeds to incur expenses for preservation and realization knowing that security holders were intending to press their claims, the receiver will not be able to maintain priority for such expenses.[45]

(3) A receiver can claim priority for expenses if the receiver can establish that it expended money for the "necessary preservation or improvement of the property". For example, these expenses include the direct costs for the payment of taxes and necessary repairs and may include a security guard for insurance purposes. These costs benefit all parties, including prior security holders, and are made in an urgent situation where there is not sufficient time to come to the court beforehand.[46]

In *King (Township) v. Rolex Equipment Co.*,[47] the court appointed a receiver to remove waste from a real property site. In doing so, the court followed this exception to the general rule in holding that if the receiver expends money for the necessary preservation or improvement of the property, then the receiver is given priority for such expenditure over the existing mortgage. Without the removal of the waste, the property would be worthless.[48]

(4) A receiver can claim priority for expenses if the benefit in incurring the expenses to the public outweighs the detriment to the security holder. In the *Rolex Equipment* case, if a receiver were not appointed, the garbage dump would remain a blight on the landscape and this would be against the public interest.

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44 R.S.B.C. 1979, c. 409, section 27. See now R.S.B.C. 1996, c. 459, section 28.

45 *Royal Bank v. Canadian Aero-Marine Industries Inc.*, above, note 42. Similarly, the receiver will not be able to claim fees and expenses against equipment which is secured if the secured creditor is prepared to remove the same from the debtor's premises to a place of safekeeping: *Canadian Imperial Bank of Commerce v. Wm. C. Reiger Co. Ltd.*, above, note 38.

46 *Darby House Mortgage Corp. v. Squire Mortgages & Investments Ltd.* (1985), 56 C.B.R. (N.S.) 230 (B.C. S.C.), reversed (1986), 9 B.C.L.R. (2d) 198, 63 C.B.R. (N.S.) 225 (C.A.), where the court-appointed receiver paid the hydro account.

47 (1992), 8 O.R. (3d) 457, 90 D.L.R. (4th) 442 (Gen. Div.).

48 In this case, neither the township nor the Ministry of Environment argued that the costs of the waste removal could be added to the municipality's tax rolls to gain priority over the mortgagee. See *Hamilton Wentworth Credit Union Ltd. (Liquidator of) v. Courtcliffe Parks Ltd.* (1995), 23 O.R. (3d) 781, 32 C.B.R. (3d) 303 (Gen. Div.) where the court concluded that despite some of the receiver's costs were related to "necessary preservation and improvements" of the property, it did not have the authority to allow the receiver's fees and disbursements in priority to the municipality for arrears of taxes. As a court-appointed receiver is an officer of the court, that position does not provide the receiver with *carte blanche* to continue to build up fees without regard to the realities of the circumstances, namely the amount of fees, the claims of secured and other creditors and the expected recovery from the debtor's assets

(b) Assets Under Floating Charge

(i) Deemed Trusts

While this is an area of constant flux, the general rule is that most deemed trusts do not have priority over fixed charges that arise prior in time to the deemed trust claim. However, most deemed trusts, where the governing statute contains a clause that makes tracing irrelevant have priority over assets under a floating charge that crystallizes after the deemed trust claim arises.[49] Such deemed trusts as the federal Canada Pension, employment insurance, income tax and the Ontario vacation pay[50] are carved out of the debtor's after-acquired property in priority to all other claims irrespective of whether the debtor failed to deduct and keep the moneys separate.

In the case where the debtor does not have sufficient cash on hand at the date of crystallization, the receiver must realize upon the assets in order to generate the proceeds required to cover the amounts under the deemed trusts.

There is no specific legislation, federal or provincial, granting the receiver priority for the costs of realization. If there are not sufficient assets which when realized will produce the full amounts under the deemed trusts, then the governments ought to permit the receiver to charge the costs of realization including the receiver's remuneration applicable thereto against the proceeds. Otherwise, the receiver might merely surrender the debtor's property to the government agency claiming the deemed trust. In most cases, however, the receiver will generate enough proceeds to at least cover the costs of realization.

(ii) Costs of Realization

Apart from statute, the receiver is entitled to the costs of realization next in priority to the deemed trusts.[51] The costs of realization include the actual costs related to the sale of assets and may include the receiver's costs of an abortive sale and of preserving the assets for the sale.[52] Moreover the receiver may be entitled to the remuneration connected to the sale. Such costs are usually paid in priority to the receiver's own remuneration and general costs of the administration.[53]

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49 See Chapter 8, "1. Statutory Liens and Deemed Trusts—General".

50 See, for example, *Re Shirt-Man Inc.* (1987), 65 C.B.R (N.S.) 309, 19 C.C.E.L. 148 (Ont. S.C.) following *Re C.J. Wilkinson Ford Mercury Sales Ltd.* (1986), 60 C.B.R. (N.S.) 289 (Ont. S.C.).

51 See Chapter 6, "8 Costs of Realization".

52 *Lathom v. Greenwich Ferry Co* (1895), 72 L.T. 790

53 In *Matlow v. Salvatore; Simcoe Real Estate Ltd. v. Sapiro* (1987), 4 A.C.W.S. (3d) 188 (Ont. S.C.), the court-appointed receiver was personally liable for real estate commission ahead of its remuneration.

(iii) Receiver and Manager's Remuneration

Remuneration is the salary or fees of the receiver together with the costs, charges and expenses.[54] Ordinarily, the receiver's remuneration comes next in priority out of the proceeds of disposition. While the receiver has a right of indemnity for the remuneration against the debtor's property, such indemnity may be postponed or subordinated to the costs, charges and expenses the receiver incurs in contracting with third parties. For example, if the receiver employs a locksmith, the locksmith's charges would come ahead of the receiver's own remuneration. If the receiver fails to pay the locksmith, the locksmith could ultimately pursue the claim against the receiver in its personal capacity and attach the claim against the receiver's claim for remuneration or other assets.

Similarly, costs of an action awarded against the receiver may have priority over the receiver's remuneration.[55] However, the receiver's remuneration may take priority over the security holder's costs of the action in which the receiver was appointed and may take priority over the receiver's borrowings if the receiver has not contracted in its personal capacity.[56]

(iv) New Creditors

If the receiver does not contract in its personal capacity, trade debts rank next in priority after the receiver's remuneration. In situations where the receiver borrows money or obtains credit by granting security to the lender or a creditor on the debtor's property, such security has priority over unsecured debts incurred by the receiver during the administration.

Thereafter, the costs of the security holder who initiated the action are paid on a solicitor-and-client basis next as they are in most cases a cost attributable to the enforcement of the security and incorporated in the security instrument.[57]

(v) Security Holder

The security holder ranks next in priority for interest and principal unless the validity of the security or its enforceability against the receiver has been successfully challenged.

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54 See below "4. Remuneration of Receiver and Manager, (a) Court Appointment" for further discussion.

55 See *Re Pac. Coast Syndicate Ltd.*, [1913] 2 Ch. 26. In many receivership orders, the receiver's remuneration and borrowings would normally come ahead of prior and subsequent encumbrances: see *Budinsky v. Breakers East Inc.* (1993), 15 O.R. (3d) 198, 18 C.P.C. (3d) 166, 106 D.L.R. (4th) 370, 7 P.P.S.A.C. (2d) 166 (Gen. Div.) where the court had to prioritize various claims and concluded that the order appointing the receiver gave the receiver priority with respect to fees and borrowings over a solicitor's lien.

56 *Re A. Boynton, Ltd.; Hoffman v. A. Boynton, Ltd.*, [1910] 1 Ch. 519

57 Above.

(vi) Surplus

After the debt to the security holder has been retired, surplus proceeds are then distributed to subordinate secured creditors and execution creditors before payment to the debtor. Trade creditors who have not recovered judgment must intercede if the debtor is no longer in business.

3. PASSING THE ACCOUNTS OF RECEIVER AND MANAGER

(a) Duty to Pass

There are no set time periods for the passing of accounts by a court-appointed receiver. On the other hand, apart from receiverships governed under Part XI of the *Bankruptcy and Insolvency Act*,[58] the privately appointed receiver has no duty to pass the accounts unless an application is brought for an accounting. In both cases, the receiver should maintain books, records, vouchers, receipts, bank statements and other documents in case its conduct is subsequently challenged. Documents created in the course of operating the debtor's business should be accessible to both the security holder and the debtor. However, documents created or received in advising or informing the security holder regarding the conduct of the receivership are not the property of the debtor and, therefore, they do not have to be delivered up to the debtor.[59]

Where the receivership is governed under Part XI of the *Bankruptcy and Insolvency Act*, subsection 248(2) provides that any interested person, including the debtor or in the case of bankruptcy, the trustee in bankruptcy, may apply for an order directing the receiver to submit its statement of accounts to the court for review. However, before such application can be made, the receiver must submit its statement of accounts to the Superintendent of Bankruptcy. Further, the application must be brought within six months after the statement has been delivered.[60] On reviewing the accounts, the court can adjust the fees and charges.

Depending upon the size and duration of the receivership, the security holder who initiated a court appointment should bring a motion to have the receiver pass its accounts at convenient intervals or as specifically required in the initial order appointing the receiver. In any event, once the receivership has been terminated, the receiver should proceed to pass the accounts. If the security holder delays or

58 See Chapter 14

59 *Gomba Holdings U.K. Ltd. v. Minories Finance Ltd.*, [1986] 3 All E.R. 94, [1986] 1 W.L.R. 1301 (Ch.D.), appeal dismissed [1989] 1 All E.R. 261 (C.A.), where the court reviewed the ownership of several types of documents that were created in the receivership.

60 If the receiver delays in filing the statement, there is power in subsection 248(1) to compel the receiver. Secondly, there is no requirement for the receiver to forward the statement of accounts unless specifically requested. Therefore, creditors must monitor the receivership in order to avoid missing the limitation period.

refuses, the receiver may move on its own behalf.[61] The debtor or any interested party may move at an appropriate time for an order directing the receiver to pass the accounts if that has not already been provided for.

The receiver's final accounts may be passed before or after the discharge. If the accounts are referred to the Master, the practice varies as to whether the receiver first passes the final accounts and then proceeds to obtain a discharge or whether the receiver obtains a discharge subject to passing its final accounts. If the accounts are not referred to a Master of the court, the judge can approve them at the same time as the motion for discharge.

One of the purposes of the passing of accounts is to afford the receiver judicial protection in carrying out its powers and duties, and to satisfy the court that the fees and disbursements were fair and reasonable.[62] Another purpose is to afford the debtor, the security holder and any other interested person the opportunity to question the receiver's activities and conduct to date.[63] On the passing of accounts, the court has the inherent jurisdiction to review and approve or disapprove of the receiver's present and past activities even though the order appointing the receiver is silent as to the court's authority. The approval given is to the extent that the reports accurately summarize the material activities.[64] However, where the receiver has already obtained court approval to do something, the court will not inquire into that transaction upon a passing of accounts.[65]

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61 See *Wahl v. Wahl et al. (No. 2)*, [1972] 1 O.R. 879, 16 C.B.R. (N.S.) 272 (S.C.).

62 *Canadian Imperial Bank of Commerce v. Barley Mow Inn Inc.* (1996), 20 B.C.L.R. (3d) 70, 41 C.B.R. (3d) 251, [1996] 7 W.W.R. 296 (C.A.), on appeal from (1994), 1 B.C.L.R. (3d) 232, 30 C.B.R. (3d) 241 (S.C.).

63 See, for example, *Walter E. Heller (Canada) Ltd. v. Sea Queen of Canada Ltd.* (1974), 19 C.B.R. (N.S.) 252 (Ont. S.C.), affirmed (1976), 21 C.B.R. (N.S.) 272 (Ont. S.C.), where the court reviewed the receiver's activities in detail on an application to pass accounts.

See also *Arnold v. Rockwood* (1989), 93 N.S.R. (2d) 14, 242 A.P.R. 14, 75 C.B.R. (N.S.) 316 (headnote only) (T.D.) where the court reviewed the receiver's activities in detail; *North American Life Assurance v. Greater Edmonton Development Corp.* (1994), 24 Alta. L.R. (3d) 428, 161 A.R. 372 (Master), reversed on other grounds (1995), 28 Alta. L.R. (3d) 282, 168 A.R. 295 (Q.B.).

In *Prince Edward Island Development Agency v. Perfection Foods Ltd.* (1994), 124 Nfld. & P.E.I.R. 142, 29 C.B.R. (3d) 137, 384 A.P.R. 142 (P.E.I. C.A.), the court granted the principals of the company, which was also in bankruptcy, the right to oppose the application for passing of accounts and discharge as they had a beneficial interest. Presumably, the trustee in bankruptcy should also have that interest primarily for the creditors, but perhaps also for the shareholders.

In *Kerrigan Ventures Corp. v. Reynolds, Mirth, Richards & Farmer* (1996), 178 A.R. 246, 110 W.A.C. 246 (C.A.), leave to appeal to S.C.C. refused (1996), 193 A.R. 179n, 135 W.A.C. 179n, 205 N.R. 394n (S.C.C.), the court reiterated that the proper procedure to challenge a receiver's disbursements was on the passing of accounts.

64 *Bank of America Canada v. Willann Investments Ltd.* (1993), 20 C.B.R. (3d) 223, 17 C.P.C. (3d) 296 (Ont. Gen. Div.), appeal dismissed (August 14, 1996), Doc CA C15532, C16139 (Ont. C.A.).

65 *Prince Edward Island Development Agency v. Perfection Foods Ltd.*, above, note 63. If a creditor wants to challenge a receiver's conduct during the course of an administration, which conduct has already been court approved, the creditor has a higher onus to prove when it applies for leave to sue: *Bank of America Canada v. Willann Investments Ltd.* (1993), 23 C.B.R. (3d) 98 (Ont. Gen. Div.).

The court will inquire into complaints about the calculations in the accounts and whether the receiver proceeded without specific authority or exceeded the authority set out in the order. The court may, in addition, consider complaints concerning the alleged negligence of the receiver and challenges to the receiver's remuneration. The passing of accounts allows for a detailed analysis of the accounts, the manner and the circumstances in which they were incurred, and the time that the receiver took to perform its duties. If there are any triable issues, the court can direct a trial of the issues with directions.[66]

There is no jurisdiction at the passing of accounts to make an award against the receiver.[67] If a complaint is justified, all the court can do is order the receiver to make further and better accounts, and penalize the receiver with respect to its remuneration. Where the receiver fails to administer the receivership economically or where the receiver is negligent, the court can reduce the receiver's remuneration.[68] Any substantive issue would have to be dealt with in a trial of an issue or be the subject matter of a separate action in which damages or other relief including the discharge of the receiver may be claimed.[69]

(b) Procedure

There is no prescribed form as to the passing of accounts. Invariably the receiver's narrative reports are accumulated and summarized. The receiver also prepares a summary statement of affairs in the report or affidavit setting out the assets which came under the receiver's possession and control, and the liabilities

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66 *Manufacturers Life Insurance Co. v. Gordon* (1992), 126 A.R. 354, 84 Alta. L.R. (2d) 443 (headnote only) (Master). In this case, the court-appointed receiver removed goods from the premises without the landlord's consent and then improperly dealt with them. The court held that the landlord could not bring a collateral attack on the receivership order, as its remedy was not to sue, but to claim priority.

67 *Prince Edward Island Development Agency v. Perfection Foods Ltd.*, above, note 63.

68 *Canadian Imperial Bank of Commerce v. Barley Mow Inn Inc.*, above, note 62; *Willows Golf Corp. (Receivership) v. International Capital Corp.* (1994), 122 Sask. R. 75, 16 C.L.R. (2d) 206 (Q.B.), appeal allowed in part (1995), 134 Sask. R. 81, 34 C.B.R. (3d) 82, [1995] 9 W.W.R. 1 (C.A.) where the court found that a trustee appointed under the *Builders' Lien Act* did not take steps to prevent an ousted director from misappropriating moneys. The director had a dishonest and untrustworthy reputation. On an application to pass accounts and discharge, the trustee in bankruptcy opposed. The court held that the trustee was negligent in failing to collect rent and profits and reduced its fees accordingly

69 The last two paragraphs, before changes in this edition, were cited in *Deloitte & Touche Inc. v. Ursel Investments Ltd. (Receiver of)*, 10 C.B.R. (3d) 61, [1992] 3 W.W.R. 106 at pp. 117-118 (Sask. C.A.) (*sub nom. Re Ursel Investments Ltd.*), allowing an appeal from (1990), 2 C.B.R. (3d) 260 (Sask. Q.B.)

See also *Robdale Contractors Ltd. v. Deloitte & Touche Inc.* (1991), 3 C.B.R. (3d) 251 (Alta. Master).

In *Argiris v. A & T Food Holding Ltd.* (1985), 4 C.P.C. (2d) 263 (Ont. Assess. O.), a client moved successfully to stay an assessment of the solicitor's account on the basis that the client commenced an action for damages based on the solicitor's negligent advice. The court concluded that the action was wider in scope than an assessment and that there were procedural advantages of discovery, production, motions, and requests to admit. The solicitor could counterclaim for fees. Similarly, the debtor or other creditor may commence an action for damages and bring into question the receiver's accounts and fees.

Tab D

2008 CarswellAlta 2244
Alberta Court of Queen's Bench

Quorum Secured Equity Trust (Manager of) v. Globel Direct Inc.

2008 CarswellAlta 2244, 54 C.B.R. (5th) 121

Quorum P.I.P.E. Managements Inc., as Manager for Quorum Secured Equity Trust and Quorum Secured Equity (Plaintiffs) and Globel Direct Inc. (Defendant)

Romaine J.

Heard: September 30, 2008
Judgment: September 30, 2008
Docket: Calgary 0701-05880

Proceedings: affirmed *Quorum Secured Equity Trust (Manager of) v. Globel Direct Inc.* (2009), 2009 CarswellAlta 577, 2009 ABCA 145 (Alta. C.A.)

Counsel: D. LeGeyt for Plaintiffs
G.W. Coombs for Defendant

***Romaine J.* (orally):**

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THE COURT: Mr. LeGeyt, we are ready to proceed?

MR. LEGEYT: Yes. Thank you, My Lady. For the record my name is David LeGeyt. I appear on behalf of the Receiver, Myers Norris Penny. My friend is Mr. Coombs appearing on behalf of the plaintiffs, who I will refer to as Quorum. Also present are Mr. Wood and Ms. Bouchald (phonetic) of the Receiver's office.

My Lady, this is a continuation of the Receiver's application for its discharge, the majority of which you disposed of on September 3rd. The issue which is adjourned to today is the issue of the Receiver's remuneration or the approval of its statement of receipts and disbursements.

THE COURT: Mr. LeGeyt, before you proceed, I received a brief of argument and authorities from you.

MR. LEGEYT: Yes.

THE COURT: Mr. Coombs, I did not received anything from you. Was I supposed to? No.

MR. COOMBS: No, My Lady.

THE COURT: Okay.

MR. COOMBS: I didn't prepare —

THE COURT: Just to be sure that I was not —

MR. COOMBS: No. No.

THE COURT: — missing a brief. Thank you. Go ahead.

MR. LEGEYT: Yes. And so, I believe the materials which have been filed since we were last before you, our brief that you've referred to, an affidavit of Mr. Gauffin (phonetic) - that is Quorum's evidence.

THE COURT: Right.

MR. LEGEYT: The Receiver has also filed a Notice of Motion and its supplemental report.

THE COURT: I have received that as well. Okay.

MR. LEGEYT: Okay.

THE COURT: Thank you.

MR. LEGEYT: So, I believe you have everything, My Lady.

2 The main focus today is the Receiver's fees and disbursements and its remuneration. The legal analysis of that does require a description of the facts. At some level, My Lady, I will go through what I believe are the important facts.

3 This receivership resulted from a failed CCAA proceeding of Globel and its subsidiaries. During the CCAA proceedings the Court ordered a number of charges against the debtor's property, first the admin charge securing the accounts of KPMG, Burnet Duckworth & Palmer, Macleod Dixon, then the DIP charge and then a director's charge. During the CCAA the monitor reported to the Court and warned the creditors that there would be a significant decrease in value if there was a liquidation of Globel as opposed to a going-concern sale. Nonetheless, Quorum applied to the Court for the termination of the CCAA proceedings and the appointment of a Receiver. And very early on in the receivership the Receiver also advised the Court and the creditors that a liquidation would result in a significant decrease in value as opposed to a going-concern sale.

4 Shortly after the Receiver was appointed we were back before you on December 21st and sought your advice and direction with respect to the priority between the receivership fees and disbursements and the CCAA charges. The Court ruled that the CCAA charges had priority, and one of the results of that finding, My Lady, was to make Quorum the seventh highest ranking creditor in these proceedings. First were the three admin creditors KPMG, BDP, and Macleod Dixon, then the DIP lender, Express, then the Directors, then The Receiver and then Quorum. And so, I think it is important to recall that the objecting creditor here, Quorum, is the seventh highest ranking secured creditor.

5 The Court's direction with respect to priority came on December 21st, 2007, which was effectively the Friday before Christmas. The Receiver immediately recognized that it would not be able to make ends meet, would not be able to pay employees, rent and utilities if it first had to pay the admin creditors, which was the case, so it immediately set about attempting to locate financing for the receivership. It approached Quorum, and initially there was a suggestion that it may be prepared to advance more funds, but ultimately they did not. And similarly the Receiver approached lenders of last resort such as Century Services and even they were not prepared to fund the receivership.

6 As a result the Receiver was forced to shut down the operation on December 31st, 2007 and all employees were "terminated. That, My Lady, necessitated the Receiver taking a second possession of the assets. When it initially took possession in early December, the employees came to work and former management came to work and they continued Globel as a going concern. Once those people were terminated, the Receiver was required to exclude them from the operations, change the locks, secure the property and its operations and prevent those people from dealing with Globel's property. The cessation of operation and the termination of employees was very much at odds with what those individuals wanted.

7 As a quick aside, My Lady, former management of Globel was uncooperative, adversarial and obstructionists to the Receiver throughout these proceedings and on multiple occasions they actively interfered with the Receiver discharging its duties.

8 The second possession was particularly difficult in Calgary, My Lady, where there was a co-tenant, Alberta Trade Bindery. The co-tenancy created a large number of unique challenges for the Receiver. Things as basic as identifying Globel's property became difficult because the two operations were in the same building, the same rooms and you couldn't tell whose computer was whose or whose boardroom table was whose. Additionally, segregating and safeguarding the property from the co-tenant became an issue. The Receiver also had to resolve issues of co-ownership because some of the chattels were owned jointly. All of this added to the time and effort of the Receiver, in addition to protecting Globel's Estate from the co-tenant and former management who were friendly with the co-tenant and who were allowed access to the property. On a couple of occasions, My Lady, former management was caught red-handed attempting to deal with the property or the accounts receivable or the customers of Globel, all of which was probably in violation of your order and added to the work of the Receiver.

9 My Lady, I simply cannot stress enough the extra challenges that the Receiver faced and the extra efforts which it was required to make as a result of the co-tenancy in Calgary. And of course, My Lady, that's on top of the Receiver's usual duties of taking possession in three geographically distinct locations - Calgary, Edmonton and Richmond.

10 So, while dealing with these issues, the Receiver nonetheless devised, implemented and completed its sales process for the hard assets of Globel and it did so in accordance with the following time line. It really didn't begin until January after the termination of operations.

11 Nonetheless, by January 25th the sales package had been created and distributed to prospective purchasers. The assets were advertised for sale by the end of January. The deadline for offers was February 11th. Twenty offers were received. However the en bloc offers were not the acceptable ones and as a result the Receiver needed to analyze the different combinations of offers and determine which combination would create the greatest return. It did that, My Lady, and six offers were accepted. The purchase prices were paid within 24 hours and the purchasers were required to come and retrieve their goods within seven days.

12 So, when you add it all up, My Lady, the sales process was complete by about the third week of February, and in our submission the Receiver has acted with dispatch and with diligence in starting and completing the sales process that quickly.

13 It was also important to the economics of the Estate to act quickly, My Lady. As set out in the Receiver's final report the carrying costs of the three locations were just under $3,000 per day, almost $90,000 per month. Once the assets were sold, the Receiver was able to vacate the three locations by March 4th, 2008, thereby eliminating those burdensome carrying costs and benefitting the Estate.

14 After March the Receiver's primary task was the collection of accounts receivable. That is a success story in this receivership, My Lady. Out of about 1.2 million in accounts receivable, all was collected except for 63,000. That's well over a 90 per cent success rate. The 63,000 still exists and may be collectable, and once Quorum and Express have their hearing before you for the priority to those receivables they will be assigned to someone.

15 So, those, My Lady, are the high level facts. Moving on to my legal submissions, the issue before the Court is whether the Receiver's accounts are fair and reasonable. That is the test as set out in the Belaya (phonetic) and Blakemates (phonetic) cases which are the leading cases in our brief. The cases talk about two methods for determining whether the Receiver's accounts are fair and reasonable, first to award a reasonable lump sum percentage based on the value of the Estate and second to look at the Receiver's hourly rates and multiply that by the time spent on the file and apply all the appropriate factors and make an assessment.

16 My Lady, in this case it is the Receiver's submission that to utilize the first method would be completely inappropriate. At no point has there been a suggestion that the Receiver would be remunerated based on any percentage of the value of the Estate, and to the contrary the retainer letter which is Exhibit 'A' to Mr. Gauffin's affidavit clearly contemplates the Receiver will charge its hourly rates and render its accounts accordingly. As Your Ladyship will have

observed, that's exactly what happened. The accounts are attached to the reports and they demonstrate how the Receiver billed its time. So, in our submission it would be inappropriate to use the lump sum method here. It would be unfair to the Receiver to do so. So, obviously what I submit is correct is the alternative and that is to look at the rates and the time spent on the file and apply the Belaya factors.

17 Starting with the rates, My Lady, we have an average weighted hourly rate of $222 per hour here. That information is set out in the Receiver's supplemental report September 25th. It is our submission that that average rate is more than reasonable. This Court will be familiar with the rates charged by receivers and legal counsel in Calgary. I can advise that even the most junior lawyers at our firm are charging more than $222 an hour. So, in our submissions the rate is more than reasonable and there are no grounds upon which that could be modified.

18 Moreover, My Lady, - and this is important - the actual rates charged by the Receiver are less than those quoted in the retainer letter between Quorum and the Receiver. That is set out in the Receiver's supplemental report, and the discount, My Lady, has resulted in a savings of approximately $51,000 to the Estate. Based on my very quick math, if the Receiver is at about $400,000 and if the discount is about 51, that's a discount of around 12 per cent.

19 At page 16 of our brief we've summarized the Belaya factors. These are the factors the Court is to look at in determining whether the Receiver's remuneration is fair and reasonable. I will run through them briefly.

THE COURT: Okay. Mr. LeGeyt, I do not require you to do that.

MR. LEGEYT: Oh, okay.

THE COURT: If you need to after Mr. Coombs replies, certainly I will give you that opportunity.

MR. LEGEYT: Thank you, My Lady,

THE COURT: Thank you.

MR. LEGEYT: I would draw the Court's attention to one passage from — or sorry, two passages from two different cases. Under Tab 8 of our brief is the BTPR Realty case, a case of Mr. Justice Farley where the application was to reduce a Receiver's fees and disbursements. On page 5 of that case at paragraph 24 he sets out the Belaya factors and after that he says:

> However I would add (j), other material considerations. For example in this case the April 12 agreement to the fees.

20 And then in the next sentence he says:

> I would think however that where there is a retainer given which indicates the fee will be based upon the multiplicand of hourly rates and time expended, this factor should receive special emphasis as it is what the parties bargained for.

21 And I commend that to you, My Lady. In addition to an assessment which is before you today there is a contractual aspect. The retainer letter indicates that Quorum will pay the Receiver in accordance with its rates, and as Mr. Justice Farley states, quite correctly, when you have those facts they should be given special emphasis. The Court's role is to enforce contractual obligations not to relieve anyone of their contractual obligations unless there are extreme or extraordinary circumstances.

22 And my final submission with respect to the cases, My Lady, is that the Receiver here has undertaken a complex, high-end, professional engagement. It is an accounting firm and it should be remunerated as such. When accountants are engaged to do high-end audit work or tax work and when retainer agreements are entered into, the client pays the accountant at its full rates and it does so because the accountants bring expertise and diligence and experience to the matter. It is the same for a receivership. This is a high-end, complicated, professional engagement and the law

should encourage the best and brightest to this line of work. That could only happen, My Lady, if the accountants are remunerated as they are for their other engagements.

23 And that theme is found in the case law. Under Tab 10 of our brief is the Prairie Place Motel case and on page 2, paragraph 6, in about the middle of the paragraph the Court says:

> In any event, the parties to this matter are all aware that the Receiver and manager is a firm of chartered accountants of high reputation. In this day and age if chartered accountants are going to do the work of receiver/managers in order to facilitate the ability of disputing parties to carry on and preserve the assets of the business, there is no reason why they should not get paid at the going rate they charge all of their clients for the services they render.

24 In my submission, My Lady, that is important because we do not want second rate, cut-rate individuals acting as the Court's officer in receiverships and as a result receivers should be remunerated appropriately. For these reasons, My Lady, it is the Receiver's submission that its fees and disbursements ought to be taxed in full.

25 I will conclude shortly, but I would first like to comment on Mr. Gauffin's affidavit briefly. There's a suggestion in that affidavit that Mr. Gauffin or Quorum was not aware of FMC's involvement as counsel. However, I would suggest that that evidence is incorrect for the following reason. The engagement letter alludes to Myers Norris. Penny engaging counsel. In his affidavit Mr. Gauffin says the retainer money was paid into FMC's trust account. The receivership order which was drafted by Quorum's formal counsel Gerry Hawkin (phonetic) allows the Receiver to retain legal counsel.

THE COURT: And I am sorry, I have read and recently read Mr. Gauffin's affidavit, but I do not seem to have brought it down with me. Does anybody have a second copy?

MR. LEGEYT: I have only one. And I —

THE COURT: Okay.

MR. LEGEYT: I could pass it to you.

THE COURT: Do not worry. As I say I have recently read it and —

MR. COOMBS: I might have a second.

THE COURT: — that might be why it is not here. It is probably at my house. But go ahead.

MR. LEGEYT: I believe we have an extra here, My Lady.

THE COURT: Thank you. Thank you, Mr. Coombs.

MR. COOMBS: It doesn't have a backer, My Lady, but —

THE COURT: That is not a problem. Thank you. Go ahead, Mr. LeGeyt.

MR. LEGEYT: Mr. Gauffin also suggests that his former lawyer, Parlee McLaws, could act as the Receiver's counsel. My Lady, that simply would not be appropriate for an independent court officer. The Receiver needs its own legal counsel.

26 Then around paragraph 12 Mr. Gauffin seems to suggest that there is a lack of responsiveness or information from the Receiver. I submit to you that he then immediately contradicts himself in paragraph 13 where he says the Receiver provided me with a estimated statement of realizations in December, January, February, March and April, the first five months of this thing, My Lady. The Receiver also periodically billed its accounts, and so, Mr. Gauffin and Quorum had the information before them from which they could determine the economics of what was happening in the Estate.

27 Mr. Gauffin suggests that four people could do this receivership. I submit to you that's simply incorrect. There were three geographically different locations. You needed more than one person at each location. And in any event, My Lady, I submit that that misses the point. If there were fewer people on the file, presumably they would have had to expend more time and the net result to the Receiver's accounts would likely have been nil, meaning that the accounts would likely have been the same had there been fewer people on the file.

28 Mr. Gauffin says that no cost benefit analysis was provided by the Receiver. My Lady, Quorum lived through the CCAA. It applied for the termination of the CCAA and it applied for the appointment of a receiver. I submit to you that there must have been some analysis done by Quorum at that point, and as I alluded to earlier, it had the statements of RND before it, it had the accounts, it had the information with which it could do its own cost benefit analysis.

29 And finally, My Lady, when I look at Mr. Gauffin's affidavit, I don't really see any specific complaints in it. He never says the Receiver did anything wrong. He never says the Receiver should have done something differently. The Receiver here liquidated the assets within six or seven weeks. It collected all of the AR. It dealt with all of the issues that a Receiver deals with. And in rendering your decision you should think about what a different Receiver might have done differently or what this Receiver could have done differently. There's really nothing, My Lady.

30 In closing, My Lady, please keep in mind the following. Quorum chose money to lend — chose to lend money to Globel. Presumably it understood the risks in doing so. Quorum chose to appoint the Receiver, notwithstanding the monitor's advice that a liquidation would result in a great loss of value. Quorum is the seventh ranking secured creditor here and its voice should be given that weight. This was a successful receivership. The top three ranking secured creditors were paid in full, My Lady. All of the AR was collected and virtually all of the assets were sold. The remaining assets literally could not be given away, My Lady. And the value of the Estate is not the Receiver's fault.

31 And finally, My Lady, I would stress that Quorum has already agreed to pay the Receiver's fees and disbursements. This is more than an assessment. There's a contractual aspect here. Thank you.

THE COURT: Thank you. Mr. Coombs?

MR. COOMBS: Thank you, My Lady. What Quorum is objecting to is not what the Receiver did, but essentially how they did it and more specifically how much they charged for doing it. We're here to look at the Receiver's accounts and indirectly or directly the accounts of their legal counsel.

32 I'm going to frame my comments looking at the factors as set out by Belaya in terms of looking at this receivership. My friend talks about the complexity of this receivership, that it was a complex engagement. This was a small business. I mean, at the time that the Receiver was appointed the sale — the revenues were $5 million. The assets of this business were sold for less than $170,000. Throughout the engagement and certainly at the start of the engagement when the Receiver took over, they took over the management of Globel for approximately three weeks. December 31st you know they shut the business down. At that time the Receiver, they knew or they ought to have known about the amounts that were — they were able to collect — the value of the assets that they had. They knew of the creditors' claims. They were aware of the payroll and the occupancy costs. They knew that the amounts collected were not going to provide receipts that would cover the creditors' claims, let alone the Receiver's costs.

33 In looking at the sale of the assets there was 14 transactions, six of which — six transactions resulted in proceeds of $140,000. Half of the assets sold were sold through an auction or were sold to the co-tenant of the premises. And certainly there's activities involved in coordinating these sales, no question about it. It's not as if the Receiver conducted these sales themselves.

34 In terms of complications of this receivership, there was $160,000 in professional fees spent in the first four weeks of the receivership. Now, there's — certainly there was applications to be made, but at — during three of those four weeks Globel was still — the existing management and staff were still there running the operations. At the time that they closed

the doors, albeit understood that nobody wanted to lose their job at the end of the year, and so, this would have resulted in some unhappy staff and a need to take action by the Receiver, but they suggest that the former management continued to cause problems, continued to attend the site in Calgary. There's no suggestion that the Receiver, other than continuing to try to attend and stop the former management from taking possession of stock, that they did anything — there was no suggestion that they put in place any kind of injunction or got a restraining order for any of the management staff that would have assisted them in that manner.

35 They talk about the complexity of the fact that a number of the assets were jointly owned by the — what I'll refer to — the party referred to as the bindery. Well, these assets were sold to the bindery for all of $7,500. I'm going to suggest that it would have been cheaper to — just to provide the bindery with these assets, as opposed to the time that it took to negotiate the sale if that was a complexity that added to the cost of this receivership. In terms of looking for the — looking for assistance from Quorum or any of the other creditors - but I'm primary exclusively concerned with Quorum - we submit that the Receiver never sought assistance from Quorum. And —

THE COURT: I am sorry, Mr. Coombs, how can you say that?

MR. COOMBS: Never sought assistance —

THE COURT: What is your — what is the basis for saying that?

MR. COOMBS: My client has told me that certainly there was never a request from Myers Norris Penny for Quorum —

THE COURT: Sorry, was —

MR. COOMBS: — to come and assist in the receivership.

THE COURT: Oh, you mean in the nuts and bolts of the receivership?

MR. COOMBS: Exactly.

THE COURT: Okay. Okay. Fine.

MR. COOMBS: Sorry.

THE COURT: No, that is okay.

MR. COOMBS: I mean it's my friend's argument that — part of his argument that Quorum never provided any assistance to the Receiver.

THE COURT: Right.

MR. COOMBS: Quorum is an investment fund. It's not — it's not challenging the expertise of Myers Norris Penny. It recognizes that Myers Norris Penny is a reputable national accounting firm and they have extensive experience in these matters and matters of this nature. But I would point out that the communication between the Receiver and Quorum in terms of what was happening and the status of the receivership primarily consisted of the reports that were submitted to Quorum roughly on a monthly basis, the reports being the status of receipts and disbursements. But Quorum — Mr. Gauffin repeatedly asked for an explanation as to how these costs were being — how these costs were escalating and the receivership was going to be able to at the end of the day provide Quorum with some kind of return on their significant investment.

I suggest to you, My Lady, that Mr. Gauffin's affidavit is not contradictory in the sense that he indicates that he made these requests about the escalating fees that were associated with the receivership, and the response that he got is well, that's just what it costs and by the way there's more costs coming. He continually asked for information about does this make sense, these escalating costs, when there's — it appears that there's not going to be any return at the end of the day?

And this relates to how much time the Receiver took to effect the receivership. Over the course of the period from January, February to the beginning of March, roughly ten or eleven weeks, they accomplished the collection of the accounts - most of the accounts and the sale of the assets, certainly. But how many people did they use to do that? How many hours did they bill accordingly? There's certainly the impression by my client that this was viewed as, we have a — we have an indemnity from an investment fund so the — we have a backstop that has big deep pockets and we're going to — we're going to go about our business and get it done. But the question is was this done prudently? Was it done — was it done economically? Was it done efficiently? There's a number of days that are identified in the Receiver's bills that they billed — the individuals billed in excess of seven, eight, nine, ten hours. So, you know, billing that many hours that's extraordinary. It's not the fact that the liquidation of assets and the question of receivables took 11 weeks. That's quite quick. It's the hours that were billed during this time. And after March 4th the Receiver indicates that the overhead was significantly reduced, however it still managed to bill $50,000 in receivership accounts and $22,000 in legal fees.

As I pointed out earlier — as I suggested earlier, the knowledge and skill and experience of the Receiver is not questioned. But was it actually necessary to apply the skill and expertise to the extent and degree they did? Was it actually necessary to have a couple of individuals — I mean, they worked ten hour days on New Year's Eve. There's professionals that were billing $250 an hour to — for 11 to 12 straight hours to supervise individuals in cleaning up the premises.

THE COURT: Mr. Coombs, this was an incredibly unsatisfactory outcome to this receivership, there is no doubt about it, but what is the court appointed Receiver supposed to do when it has to unexpectedly and quickly shut down operations in a business of this kind on New Year's Eve, terminating employees, trying to prevent the loss of assets, dealing with an uncooperative management? You are asking me to second guess what the Receiver did.

MR. COOMBS: My Lady, I'm not asking you to second guess what the Receiver did. I'm asking you to question how much they charged for doing it.

THE COURT: Well, how much they charged — they charged less than what they had bargained with your client to charge.

MR. COOMBS: Well, I guess I'd like to talk about that. I mean, certainly in the engagement letter it refers to rate. It doesn't identify sort of a total amount. It doesn't identify any kind of estimate of the cost of this, and it seems — well, I'd like to use the word disingenuous, but I'm not sure that that's appropriate. It seems odd that they would claim that there's a $50,000 discount. A discount on what?

THE COURT: On their basic hourly rate times the amount taken.

MR. COOMBS: On the hourly rates that they could charge. I mean, I don't know what the fee schedule is or the fee rates are for all of the Myers Norris Penny individuals". But it suggests that a $50,000 discount is based on if they — the identified rate that they — is that low, medium, high rate of the individuals that they have working for you? Did they have the appropriate people put onto doing the task? Now, as I said, they had a manager, an accountant manager, at $250 an hour supervising a cleanup of the premises. That's an example. I mean, there's — the line — there's pages and pages of documented time.

I think — I think it's important to keep in mind the big picture here. I mean, this was a receivership that generated about $1.2 million. And the Receiver and its legal counsel have charged over half a million dollars for doing that. They've already been paid over $400,000 and they're still looking for another $100,000.

I guess in terms of — in terms of the case law that we — that my friend has referred to, I mean, we're talking about the fees should be reasonable, fair and reasonable. It shouldn't be an expensive foreign sports model. There has to be some reasonable proportion to the amount — the value of the amount that was collected. They're looking for approval of the fees of over half a million dollars, and we submit that that's not fair and reasonable in this situation. The Receiver was indemnified and it appears to be taking full advantage of that, and they appear to — and these are words from Justice Farley, that "They let the taxi meter run without check."

THE COURT: I am not — where did they let the taxi meter run without check? Where specifically did they do something that was unnecessary or extravagant, Mr. Coombs?

MR. COOMBS: Well, as I said — or I tried to allude to an example as being where they would, I mean, use managers to supervise a cleanup — where they had individuals charging out at — I just lost my notes — charging out at $125 an hour for packing box — books and records for eight hours a day several days in a row. I mean, they had a job to do and they did it, but it certainly appears to my client that they did it in the most expensive way it could be done.

I mean, there's another issue here, My Lady, and I guess I want to — I don't know if — yeah, I think I need to take this opportunity to address it. In the Receiver's supplemental report they've entered into — they're asking for, in the motion, an approval of a mutual release that has been executed by Parlee McLaws and Myers Norris Penny. And I bring this up because this again goes to the kinds of funds that are being — are disappearing from this fund, and from my client's eyes. And actually my client is — will be bearing the burden of these expenses. I mean, this — from appearances this mutual release seems to be inappropriate, based on your order earlier this month that we would be coming before you to talk about the — and to make an application to you regarding the priority between Express and its assignee, Parlee, and my client, Quorum. This seems to be — certainly Parlee is attempting to create something before the — create an arrangement whereby they can scoop up money prior to the application being heard.

THE COURT: Well, this — what I understand is Parlee is in the shoes of Express here, and the Receiver has chosen to reach a settlement on the claim made by Express on its DIP lending. Is that not correct?

MR. COOMBS: That's —

THE COURT: Am I — is there something —

MR. COOMBS: That's what they're —

THE COURT: — wrong with that characterization?

MR. COOMBS: That's what they're doing, yes.

THE COURT: Right. Exactly. So, instead now of having a claim for I think — what was it $280,000, it has been settled for roughly $60,000. Is that correct? Yeah.

MR. COOMBS: Well, the Parlee claim is for $90,000.

THE COURT: But it has been settled for 60 has it not, Mr. LeGeyt?

MR. LEGEYT: Yes.

THE COURT: Right?

MR. COOMBS: But there's some — I guess what I — what I would say is that on October 14th you'll hear that Express — actually the DIP lender is in reality Quorum through Express. And there — that will be information, evidence that will be presented to you —

THE COURT: Sure. I mean, I am not — let's not get into that till the 14th.

MR. COOMBS: Okay. But I think it's germane to this particular release because whether or not Parlee has a claim even should — is — comes into question as to whether or not the assignment from Express is valid.

THE COURT: Well, that is something between your client and Express that really does not have much to do with the Receiver, does it?

MR. COOMBS: But it has something to do with Parlee's claim against the Receiver.

THE COURT: Okay.

MR. COOMBS: I mean, if the assignment to — from Express to Parlee was not — was inappropriate or not valid, then —

THE COURT: Okay. Where — you are telling me this now. Is your client taking the position that the assignment was not appropriate for today's purposes?

MR. COOMBS: Well, my understanding is that was going to be the basis of the application in front of you —

THE COURT: On the 14th.

MR. COOMBS: — on the 14th.

THE COURT: Okay.

MR. COOMBS: So, for them to — and my friend knew this and Myers Norris Penny knew this, and for them to enter into this mutual release with Parlee seems to be at odds with what was —

THE COURT: Okay. So, you are saying the fact of entering into this release with Parlee should affect their remuneration on this receivership because it is imprudent or something? I am not sure how this fits in, Mr. Coombs, to what we are talking about today.

MR. COOMBS: Well, I guess it fits in because they are asking — my friend — part of this application is asking for approval of this mutual release, so that's why I'm bringing it up.

THE COURT: Okay.

MR. COOMBS: It's — it's not directly related to how much we are opposing. It doesn't relate to the fact that we're opposing how much the Receiver is — has been charged for — or has charged for its receivership directly.

THE COURT: Okay. Thank you. Thank you. I appreciate that clarification.

MR. COOMBS: I'm sorry. My apologizes for —

THE COURT: Okay.

MR. COOMBS: So, My Lady, again I — just for — in conclusion I'll just wrap up by saying we — we're talking about the fact that the Receiver has charged — the accounts of the Receiver are over — and its legal counsel are over half a million dollars for a receivership that collected $1.2 million. That's a 40 per cent commission. That is in our estimation the exotic foreign sports car. They knew or ought to have known — the Receiver knew or ought to have known of the likelihood of any money being left over for the creditors, and when it became clear to them that there wasn't going to be any money left over —

THE COURT: What should it have done?

MR. COOMBS: Let Quorum know and take advice as to how they can minimize the expenses. As I — as I point out —

THE COURT: Well, didn't it do that with monthly reports to Quorum?

MR. COOMBS: Monthly reports. They provided Quorum with numbers.

THE COURT: December 21st.

MR. COOMBS: Yes.

THE COURT: January 15th, February 29th, March 14th and April 17th.

MR. COOMBS: That had varying numbers that were showing that this was — it was almost a moving target.

THE COURT: Okay.

MR. COOMBS: The Receiver — the DIP financer has not been — my understanding is has not received any money. I mean, the administrative creditors have and the Receiver has.

THE COURT: Right.

MR. COOMBS: But certainly — certainly my client who my friend says is seventh position, but in actual fact is — or I guess this will be determined — is — was the — was party that put up the $250,000.

THE COURT: You are saying your client was in effect the DIP lender.

MR. COOMBS: Through Express they were. They provided — right —

THE COURT: Okay. Okay.

MR. COOMBS: — I understand.

THE COURT: Yes. I mean, not for —

MR. COOMBS: I understand.

THE COURT: — today, Mr. Coombs. Okay.

MR. COOMBS: The Receiver and its legal counsel have already been paid, as I said, over $425,000 and they're looking for another in excess of $100,000. And notwithstanding the fact that there is a retainer letter that talks about hourly rates, stepping back it just seems disproportionate to charge over half a million dollars for a receivership that — is it — was it — was the complexity such that it warranted that kind of billing? Again, this was a small business and it was done — receivership and liquidation was done relatively quickly by an experienced receiver. I think the factors of this receivership point to the fact that it wasn't overly complex.

We're asking the Court to look at this — look at the accounts of the Receiver and its legal counsel and assess what's reasonable, what's fair, what's prudent. I'm going to suggest that the Receiver and its legal counsel have been paid a large amount of money and that they — that any more payments, any further payment, just add further injury to my client, a client who has invested and lost over — almost $2 million already.

THE COURT: I understand.

MR. COOMBS: Thank you, My Lady.

THE COURT: Thank you, Mr. Coombs.

Mr. LeGeyt, I appreciate you might want to say something about the release with Parlee or is there something more?

MR. LEGEYT: Correct, My Lady. And you've appreciated the situation, that the risk, if you will, to the Estate was 288. I believe that's the number. You know, it's a release. It's a settlement of an uncertain claim. The Receiver in its — in its experience and in its commercial wisdom settled for $60,000. It's in our submission appropriate to do so and certainly permitted by your initial order to compromise claims against the Estate. And it is a strange thing, My Lady, because had the Receiver litigated and lost to Parlee, the exposure to the Estate would have been the entire DIP loan, 288, and in which case the Receiver would have been pursuing Quorum for" more money under its indemnity, so —

THE COURT: Okay.

MR. LEGEYT: I don't think I have much more to say, My Lady. I feel I must object to the suggestion that the Receiver conducted itself the way it did because of the indemnity and was in fact attempting to take advantage of Quorum. That's simply not the case. The Receiver as a court officer conducted itself appropriately, and I reiterate my initial submission that this was a successful receivership with the highest ranking creditors paid out. It could not have been done any more differently or quickly or more economically.

THE COURT: Okay. Thank you, Mr. LeGeyt.

MR. LEGEYT: And I do have a form of order which allows the Receiver's accounts in full and approves the settlement agreement —

THE COURT: Okay.

MR. LEGEYT: — if you so find.

THE COURT: Okay. Firstly, as I have indicated in my questions to Mr. Coombs, this was an entirely unsatisfactory resolution of this receivership for almost all of Globel's creditors and stakeholders. There were warnings from the Monitor, as Mr. LeGeyt has pointed out, during the CCAA proceedings of the risks of a forced liquidation sale over a going-concern sale. Nonetheless Quorum applied for a receivership. I am not suggesting that was a wrong decision. There were certainly a number of issues that had arisen during the CCAA proceedings that no doubt prompted that application. Then, at the beginning of the receivership, the Receiver found it necessary to issue a similar warning about the risks of a forced sale of this business.

36 The cessation of operations made necessary by my December ruling made this a very complex receivership. I also note that former management complicated matters and made the receivership more difficult. The fact that this business was carried on in three locations made the cessation of operations much more difficult. The fact that there had to be a second possession of premises after the first had occurred and the fact of the co-tenancy in Calgary also made this all difficult. This was perhaps a small business in a certain sense, but for all of these reasons the receivership was very complex.

37 The sales process was accelerated, complicated and unsatisfactory. There could not be an en-block sale. There had to be, as you have pointed out, Mr. Coombs, 14 transactions to liquidate the assets of this business.

38 The accounts receivable were in fact a success story by the Receiver, who was able to collect about 93 per cent I believe Mr. LeGeyt said of the accounts receivable, which in the circumstances is amazing.

39 I am well satisfied that the Receiver's accounts are fair and reasonable and that the percentage of estate approach to fees does not work in this case. This approach would have been inappropriate from the beginning as all stakeholders must have been aware from the beginning of the risks of a forced liquidation sale.

40 That leaves the hourly rate approach. I cannot say that the hourly rates here charged by the Receiver are unreasonable. They appear to be at least market rate. They were in fact less than quoted in the retainer letter.

41 I have gone through the Bank of Montreal factors both as delineated in Mr. LeGeyt's brief and as you have argued before me today, Mr. Coombs. I am not going to review them extensively except to say that I agree with the submissions made by the Receiver about the application of those factors to the facts of this case. I also agree that the terms of the retainer here support the position of the Receiver and should, as in the BTPR Realty case, receive special emphasis as evidence of what the bargain was between the parties.

42 I am also satisfied that it was entirely appropriate for the Receiver to retain its own counsel. It would indeed have been inappropriate for the Receiver to use Quorum's counsel. Mr. Gauffin's complaints about the Receiver as expressed in his affidavit are unfounded on the evidence of what actually occurred - what the Receiver was required to do to diligently fulfil its role as a court appointed officer.

43 It is certainly true that the liquidation of this business led to disappointing results, that the Receiver's inability to continue the business led it to make some rapid decisions in an effort to cut losses and to make the best of a wholly unsatisfactory situation with unhappy stakeholders on all sides. This was not attributable to the Receiver. I can find nothing in the accounts that demonstrates imprudence or extravagance. Added to the circumstances in which the Receiver had to operate were circumstances which Quorum had received warnings about from the beginning of this process, and made its choices accordingly.

44 I am satisfied that the Receiver's fees are fair and reasonable, unavoidable in the circumstances and consistent with its retainer, and I would approve the accounts.

45 I am not clear where I am left with respect to the question of the release, Mr. Coombs. Is that something that you wanted to go over until after the 14th, or is it something that — I am just not clear of your position.

MR. COOMBS: I guess, My Lady, yes, I would like to have that held" over until the application of the 14th is heard.

THE COURT: Mr. LeGeyt, what do you say about that? I mean, I am very, very reluctant to, for instance, Mr. Coombs, require Mr. LeGeyt to participate in the hearing on the 14th, which is what you are in essence suggesting, because that is going to only incur more fees for the Receiver and the Receiver's counsel.

MR. LEGEYT: It certainly was not our intention to participate in the priority dispute between the two creditors, My Lady. I suggest that if the settlement agreement were approved today my friend could put Parlee McLaws on notice that he nonetheless claims priority to those funds, and I would think of course —

THE COURT: And the fight would be with Parlee - Mr. Coombs?

MR. LEGEYT: I don't know, but presumably even if Parlee cashed the cheque they would be good for it if you found —

THE COURT: Well, probably.

MR. LEGEYT: — that his client was entitled to the funds. So, I guess that's the long way of saying you can approve the deal today, the fact the funds can be paid to Parlee, and my friend can keep his powder dry as it were.

THE COURT: Mr. Coombs, what do you say about that?

MR. COOMBS: Well, I know my client doesn't certainly want to incur any more expenses related to the Receiver or its legal counsel, and I believe based on your — the application will be put forward to you on the 14th. At that point I guess we would have an issue with Parlee over the money they received from the Receiver.

THE COURT: Right.

MR. COOMBS: And we'll take it up with —

THE COURT: To be clear, I mean, if I —

MR. COOMBS: We'll take it up with Parlee.

THE COURT: — approve the release today that — if I approve the release today that finishes things with respect to the Receiver and the Receiver's counsel on that issue. But I do not believe that it prevents you from making an argument that the — I guess that the agreement between Express and Parlee should never have been made or from pursuing Parlee.

MR. LEGEYT: I think that —

MR. COOMBS: Yes, My Lady.

MR. LEGEYT: If I understand my friend's argument it boils down to a priority argument between initially Quorum and Express. And Parlee is in no better position than Express.

THE COURT: Right.

MR. LEGEYT: So, if his client can establish priority over Express, presumably that would include these funds.

THE COURT: Right. Mr. Coombs.

MR. COOMBS: Yes.

THE COURT: Okay. Given that then I will approve the release today as well.

MR. LEGEYT: Thank you, My Lady.

THE COURT: Thank you.

46 PROCEEDINGS CONCLUDED

Order accordingly.

Tab E

In the Court of Appeal of Alberta

Citation: Quorum P.I.P.E. Managment Inc. v. Globel Direct Inc., 2009 ABCA 145

Date: 20090427
Docket: 0801-0288-AC
Registry: Calgary

Between:

Quorum P.I.P.E. Management Inc., as manager for Quorum Secured Equity Trust and Quorum Secured Equity Trust

Appellants (Plaintiffs)

\- and -

Globel Direct Inc.

Respondent (Defendant)

The Court:

The Honourable Mr. Justice Peter Martin
The Honourable Mr. Justice Frans Slatter
The Honourable Mr. Justice Sal LoVecchio

Memorandum of Judgment
Delivered from the Bench

Appeal from the Order by
The Honourable Madam Justice B.E.C. Romaine
Dated the 30th day of September, 2008
Filed on the 30th day of September, 2008
(Docket: 0701-05880)

Memorandum of Judgment
Delivered from the Bench

Slatter J.A. (for the Court):

[1] The appellants appeal an order approving the accounts of the receiver and its counsel.

[2] The appellants firstly noted that the fees for collecting about $1.2 million in assets were about $500,000. Secondly, the appellants point to several specific items in the accounts that appeared to justify further inquiry.

[3] The chambers judge declined to direct any further examination or taxation of the accounts, and instead approved them in a summary procedure. While a taxation might be the more normal way to deal with the issues raised by the appellants, it cannot be said that the chambers judge did not have the jurisdiction to proceed summarily as she did. While we have some concerns about the fees charged, her selection of the summary procedure cannot be said to be unreasonable, and does not warrant appellate interference.

[4] The appellants also challenged the approval by the chambers judge of a settlement between the receiver and a law firm. The chambers judge made it clear that her approval of the settlement was without prejudice to the claims of the appellants to the funds paid to the law firm. This part of the appeal is therefore moot.

[5] The appeal is dismissed.

[Discussion on costs]

[6] The indemnity for costs does not appear to extend to disputes over the retainer agreement itself, and the respondent is entitled to party and party costs.

Appeal heard on April 9, 2009

Memorandum filed at Calgary, Alberta
this 27th day of April, 2009

Slatter J.A.

Appearances:

G.W. Coombs
for the Appellant

D. Legeyt
for the Respondent

Tab F

NB7931
ESTATE NO: 047123

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
IN BANKRUPTCY

IN THE MATTER OF the Proposal of
H.E. CARSON & SONS LIMITED,
an insolvent

- and –

CAUSE NO. M/M/114/98

IN THE COURT OF QUEENS BENCH OF NEW BRUNSWICK
TRIAL DIVISION
JUDICIAL DISTRICT OF MONCTON

BETWEEN:

HONGKONG BANK OF CANADA

Applicant

- and -

H.E. CARSON AND SONS LIMITED

Respondent

ORDER

UPON READING the Notice of Motion of PricewaterhouseCoopers Inc. ("**PWC**"), as the Court appointed receiver (the "**Receiver**") of H.E. Carson & Sons Limited ("**Carson**") for an Order granting PWC its discharge as Receiver and the Receiver's Report dated April 28, 2011 (the "**Receiver's Report**");

AND UPON hearing counsel for the Receiver;

AND UPON being satisfied that the Respondent, G.W.R. Realty Ltd and Carson Realty Ltd. have withdrawn from these proceedings and consented to the discharge of the Receiver;

Z. D

AND UPON contacting George Kinsman of Ernst & Young Inc., the Trustee in Bankruptcy of the Respondent, by telephone conference during the hearing and the Trustee confirming that it was satisfied with the abridgement of service of the Motion materials, which materials were served on it on May 24, 2011, so that the Motion could proceed as scheduled and that it did not intend to oppose the Motion;

IT IS ORDERED THAT:

Service

1. The time for any required service or notice of the Motion be and it is hereby abridged and validated such that the Motion is properly returnable today.

Approval of Activities

2. The Report, and the activities of the Receiver as described therein and throughout these proceedings be and are hereby approved.

Approval of Fees

3. The review and approval of the fees and disbursement of the Receiver and its counsel as described in the Report be and is hereby dispensed with as sole party with an economic interest therein has approved of the Receiver's discharge and withdrawn from these proceedings.

Discharge

4. The appointment of PWC as Receiver in these Proceedings pursuant to the Order of this Court dated September 24, 1998 be and is hereby terminated and PWC is discharged from any further obligations pursuant to the Orders made in these proceedings, provided that PWC shall continue to have the benefit of the provisions of all Orders made in the proceedings, including all approvals of its activities, protections and stays of proceedings in favour of PWC in its capacity as Receiver.

5. This Court Orders and Declares that PWC is hereby released and discharged from any and all liability that PWC now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of PWC while acting in its capacity as the Receiver. Without limiting the generality of the foregoing, PWC is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the

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proceedings, provided that nothing herein shall relieve PWC from any liability arising out of gross negligence or willful misconduct on the part of PWC while acting in its capacity as the Receiver. No action, application or other proceeding in any way arising from or related to the performance or intended performance of the Receiver's mandate or any activity in the proceedings shall be taken, made or continued against the Receiver without the leave of this Court first being obtained.

6. The within proceedings are hereby terminated in their entirety.

Dated at Moncton, New Brunswick this 30th day of May, 2011.

Justice Zoël R. Dionne of the Court of Queen's Bench of New Brunswick

Tab 7

Court File No. S1 GS 28446

SUPREME COURT OF PRINCE EDWARD ISLAND
(GENERAL SECTION)

BETWEEN:

ROYAL BANK OF CANADA

Applicant

and

DME LIMITED PARTNERSHIP, DME GENERAL PARTNER INC., ATLANTIC SYSTEMS MANUFACTURING (2016) LTD., DME CANADA ACQUISITIONS INC. and DME US HOLDCO INC.

Respondents

BEFORE THE HONOURABLE

DATED the __ day of May, 2019.

DISTRIBUTION AND DISCHARGE ORDER

WHEREAS the motion of Alvarez & Marsal Canada Inc., solely in its capacity as Court appointed receiver and not in its personal capacity (the "**Receiver**") without security, of the property, assets and undertakings (the "**Property**") of, DME Limited Partnership, DME General Partner Inc., Atlantic Systems Manufacturing (2016) Ltd., DME Canada Acquisitions Inc. and DME US Holdco Inc. (the "**Respondents**" or the "**Company**") seeking, *inter alia*, direction and authorization for the interim distribution of funds held by the Receiver was heard this 30th day of May, 2019 at 42 Water Street, Charlottetown, Prince Edward Island;

ON READING the Motion Record including the Third Report of the Receiver dated May 22, 2019 (the "**Receiver's Third Report**");

THIS COURT ORDERS THAT:

SERVICE

1. The time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

*20028317/00003/634244/v2

RECEIVER'S REPORT

2. The Receiver's Third Report filed in relation to this motion and all actions of the Receiver since the initial Receivership Order are hereby approved.

3. The Receiver's Interim Statement of Receipts and Disbursements contained in the Receiver's Third Report is hereby approved including the accounts of the Receiver and its legal counsel, Cox & Palmer.

INTERIM DISTRIBUTION OF RECEIVERSHIP ESTATE

4. It is hereby ordered that the Receiver is authorized and directed to remit the proceeds of the receivership estate in accordance with applicable commercial priorities and as set out in the Receiver's Third Report.

SEALING ORDER

5. The Sealing Orders granted in the Vesting and Approval Order dated January 31, 2019, and the Vesting and Approval Order dated February 22, 2019, are hereby lifted with documents under the sealing order to be filed in S1-GS-28446 without redaction.

DISCHARGE

6. The Receiver upon completion of its mandate and with the consent of the Royal Bank of Canada as the senior secured creditor in this matter shall file its Certificate of Discharge and thereafter be considered discharged by this court in relation to Court File S1-GS-28446.

DATED at Charlottetown, Prince Edward Island this ____ day of _____, 2019

____
J.