



**IN THE MATTER OF THE BANKRUPTCY OF  
INDEPENDENT ELECTRIC & CONTROLS LTD.**

**OF THE CITY OF DRAYTON VALLEY,  
IN THE PROVINCE OF ALBERTA**

**REPORT ON THE TRUSTEE'S  
PRELIMINARY ADMINISTRATION**

**ESTATE NO. 24-2538359**

**Background**

On July 25, 2019, Independent Electric & Controls Ltd. (“IEC” or the “Company”) by and through its Court appointed Receiver, Alvarez & Marsal Canada Inc., and not in its personal or corporate capacity, filed an assignment into bankruptcy, and Alvarez & Marsal Canada Inc., was appointed as the licensed insolvency trustee of the estate of the bankrupt by the official receiver, subject to affirmation by the creditors of the trustee’s appointment or substitution of another trustee by the creditors.

Founded in Drayton Valley, Alberta in May 2003, IEC is a privately-held company that specialized in providing electrical and instrumentation services throughout Alberta. IEC’s services included electrical and instrumentation maintenance, mechanical and refrigeration services, major facility construction and plant expansions and upgrades.

The company housed its operations in Drayton Valley, Alberta at a leased premise with equipped shop and office space located at 5602, 58 Avenue Drayton Valley, AB (the “facility”).

At the date of bankruptcy, there were no remaining Directors of the Company.

IEC reported consolidated revenue of \$83 million in fiscal 2015 (May 31) and \$43 million in fiscal year 2016 (May 31), which was a 48% decrease in earnings year over year. As a result, IEC began to experience significant financial difficulties in late 2016 and early 2017, primarily as a result of the economic downturn and also due to a number of projects it had taken on that were not economically viable. On September 29, 2017 (the “Receivership Date”) the Royal Bank of Canada (“RBC”), IEC’s largest secured creditor, made an application to the Court of Queen’s Bench of Alberta for a Consent Receivership Order, which was granted by Honourable Justice K.G. Nielsen. Alvarez & Marsal Canada Inc., was appointed as receiver and manager (the

“Receiver”), without security, of all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated including all proceeds thereof of the Company. At the date of the Receivership all operations ceased and since that time the Receiver has focused on securing and selling the equipment and collecting the billed and unbilled accounts of the Company. Recently, the Receiver completed that process and has assigned the Company into bankruptcy for an orderly wind up.

### **Conservatory & Protective Measures and Preliminary Evaluation of Assets**

At the date of appointment, the Trustee confirmed that the only remaining realizable asset within the estate is the cash balance in the receiver’s trust account from the sale of physical assets and collection of outstanding accounts receivable and funds in court of approximately \$770,000 in respect of certain lien claims.

The receiver maintains a trust account with the Royal of Canada. The Trustee has confirmed that the account balance is approximately CAD \$3,578,000.

### **Books and Records**

The Trustee has taken possession of the books and records of IEC.

### **Provable Claims and Secured Claims**

At the time of bankruptcy, the Company’s records indicate there was total liabilities of approximately \$16,000,000 with approximately \$7,000,000 of that balance owing to secured creditors. At the time of this report, very few proof of claims have been filed.

The Trustee has requested that it’s counsel, Miller Thomson LLP, perform a security review of RBC’s security, and they have confirmed the validity and enforceability of the security against the estate.

### **Legal Proceedings**

At the time of the bankruptcy the Trustee is only aware of legal proceedings by certain lien holders relating to a specific project. It is noted that there are 10 liens filed by IEC’s subcontractors for worked performed prior to the Receivership Date in which the receiver is working towards resolving.

### **Reviewable Transactions and Preference Payments**



A review of the books and records has been made and no reviewable transactions or preference payments noted.

### **Trustee's Intention to Act**

A&M has accepted this engagement to act as Trustee, subject to affirmation by the creditors of the trustee's appointment at the first meeting of creditors.

### **Anticipated Realization and Projected Distribution**

All IEC assets capable of realization have been recovered by the receiver during the receivership period, and the Trustee does not foresee any further recoveries. Consequently, the Trustee believes that there will not be sufficient funds within the estate to pay secured claims and there will be no funds available for distribution to unsecured creditors.

### **ALVAREZ & MARSAL CANADA INC.**

*In its capacity as the Licensed Insolvency Trustee in Bankruptcy of  
Independent Electric & Controls Ltd.,  
and not in its personal capacity*



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Orest Konowalchuk, LIT, CIRP, CA  
Senior Vice President