

District of: Alberta
Division No.: Calgary
Court No.: 25-095246
Estate No.: 25-095246

**IN THE MATTER OF THE BANKRUPTCY OF
NORTH AMERICAN STEEL ERECTORS INC.**

MINUTES OF THE FIRST MEETING OF CREDITORS

DATE: August 19, 2021
TIME: 2:05 PM
LOCATION: Zoom conference line.
CHAIRMAN: Victor Kroeger, Licensed Insolvency Trustee
SECRETARY: Lucas Avery
ATTENDENCE: See the attached Attendance List

AUTHORITY AND CALL TO ORDER

Due to the Covid-19 pandemic, the First Meeting of Creditors was held by Zoom. Details of the meeting were included in the Notice to Creditors dated August 11, 2021.

Victor Kroeger of MNP Ltd., acted as Chairman under the authority of section 105(1) of the *Bankruptcy and Insolvency Act*. The Chairman declared the meeting properly called at 2:05 PM.

Lucas Avery of MNP Ltd. acted as Secretary.

PURPOSE OF MEETING

1. The Chairman explained the purpose of the meeting as set out in section 102(5) of the *Bankruptcy and Insolvency Act* as follows (a) to consider the affairs of the bankrupt, (b) to affirm the appointment of the Trustee or to substitute another in its place, (c) to appoint Inspectors, and (d) to give such directions to the Trustee as the creditors may see fit with reference to the administration of the Estate.

DOCUMENTS TO TABLE

The Chairman tabled the following documents for discussion:

- Receiving Order
- Certificate of Appointment of Trustee
- Statement of Affairs
- Trustee's Preliminary Report
- Notice to Creditors of Bankruptcy and First Meeting of Creditors
- Notice to Officer of Bankrupt Corporation of First Meeting of Creditors
- Trustee's Affidavit of Mailing of each Notice

QUORUM

Pursuant to section 106(2) of the *Bankruptcy and Insolvency Act*, at least one proven creditor in attendance or by proxy was present confirming there was a quorum.

The Chairman advised Shane Unrau and Katherine King that as they had not filed proofs of claim, they were welcome to remain in the meeting, however they were unable to vote on any matter. The Chairman also advised Nicolas Leclerc, that as his company's claim was as a secured creditor, he was also unable to vote on any matter.

The Chairman advised that the Office of the Superintendent of Bankruptcy approved the format of the meeting being held by conference call due to the Covid-19 pandemic. A copy of the attendance list for the meeting is attached.

Trustee's Preliminary Report

The Trustee's preliminary report was summarized for the creditors present outlining the actions taken to date. A copy of the Trustee's Preliminary Report is attached hereto.

The creditors were advised that any realization to the unsecured creditors was unknown at this time because of outstanding litigation but no distribution to the unsecured creditors is anticipated.

Affirmation of the appointment of MNP Ltd. as Trustee

The Chair called for a motion to approve the appointment of MNP Ltd. as Trustee.

Motioned by Crystal Martin, seconded by Donald Fortin, carried unanimously.

Appointment of Inspectors

Crystal Martin put forward her name to act as Inspector.


Motioned by Donald Fortin, carried unanimously.

Additional business brought forward

Nicolas Leclerc, the representative for Métal Perreault Inc, requested records of the Company's financial statements, bank statements, payments to Steeve Toupin or any related parties, disposition of assets and diversion of business since the inception of the Pickering Project. This request is to assess what happened to the trust funds between the Bankrupt and Métal Perreault Inc relating to the Pickering Project. Further discussion of this was deferred until the Trustee receives the complete financial records from Steeve Toupin or the former Controller of the Bankrupt.

There being no further business the Chairman terminated the meeting at 2:23 PM.

Dated at Calgary, Alberta this 19th day of August, 2021.



Victor Kroeger, LIT, CIRP, CPA, CA, CFE
Chairman

District of Alberta
Division No. Calgary
Court/ Estate No. 25-095246

**IN THE MATTER OF THE BANKRUPTCY OF
NORTH AMERICAN STEEL ERECTORS INC.
TRUSTEE'S PRELIMINARY REPORT**

BACKGROUND

1. On July 29, 2021, on an application made by the Bank of Nova Scotia ("ScotiaBank"), a Bankruptcy Order was granted by the Court of Queen's Bench of Alberta (the "Court") against North American Steel Erectors Inc. (the "Bankrupt" or "NASE"). MNP Ltd. (the "Trustee") was appointed by the Court to act as Trustee of the bankrupt estate of NASE.
2. NASE is a steel structure fabrication company that was incorporated in Alberta on January 18, 2016 and is based in Cochrane, Alberta. NASE carried on business throughout Canada. On the date of bankruptcy, the Bankrupt had three open contracts, one in Alberta and, two in Ontario.
3. The Trustee is of the view that the Bankrupt's insolvency was primarily caused by the Bankrupt's failure to pay its employee source deduction obligations (the 'Deemed Trust Claim') to Canada Revenue Agency (the "CRA"). NASE's former director, Steeve Toupin has advised the Trustee that he attributes the Bankrupt's financial difficulties primarily to a contract for the supply of steel on a project in Calgary, Alberta, (the "9th Avenue Bridge Project"). To the best knowledge of the Trustee, the supplier of steel on the 9th Avenue Bridge Project, Shield Industries Ltd. ("Shield") is no longer actively in business. Prior to the bankruptcy of NASE, litigation regarding the 9th Avenue Bridge Project had been commenced by NASE against Shield and Wynward Insurance Group ("Wynward"), who had issued a Performance Bond concerning the 9th Avenue Bridge Project. To date, no payments have been made under the Performance Bond.
4. The Trustee received the sworn Statement of Affairs of the Bankrupt on August 11th, 2021.

BOOKS AND RECORDS

5. Selected books and records of the Bankrupt have been provided to the Trustee. The Trustee is still awaiting the receipt of additional financial information, including the QuickBooks back up, from NASE's former Controller.

CONSERVATORY AND PROTECTIVE MEASURES

6. The Company's operations were discontinued as at the date of bankruptcy, July 29, 2021. The Trustee took reasonable steps to conserve and protect the assets of NASE, including changing the locks on NASE's main office, inventorying NASE's assets within the office, NASE's equipment located outside of the office, and on their former job sites, and ensuring adequate insurance coverage is in place.
7. NASE's operations at the date of the bankruptcy included three projects, the 9th Avenue Bridge Project, the McDonald Block project in Toronto, Ontario, and the Children's Hospital Project in

Toronto, Ontario. The Trustee has reviewed the costs associated with these projects and has determined that there is no economic benefit to the bankrupt estate of NASE to complete any of the projects. PCL Construction Ltd. ("PCL") is the general contractor on all projects and have advised the Trustee that they will likely be submitting a claim into the bankruptcy for the extra costs associated with replacing NASE to complete these projects.

8. The Trustee has contacted CRA regarding its trust audit to determine the amount of a potential Deemed Trust Claim. CRA has advised that this matter has not yet been assigned to a trust examiner. The CRA source deduction payable, as reported in the Bankrupt's Statement of Affairs exceeds \$1.1 million.

ASSET REALIZATION AND PROJECTED DISTRIBUTION

9. The assets listed on the Bankrupt's Statement of Affairs are as follows:

<u>Description</u>	<u>Amount</u>
Cash	\$314,410
Furniture	10,000
Vehicles	244,000
Machinery, plant & equipment	200,000
Total Assets	<u>\$768,410</u>

10. Cash is currently frozen, for the benefit of the Estate, in the Bankrupt's Scotiabank account. These funds will be remitted to the Trustee once a trust account is in place. The cash, along with all other assets of the Bankrupt appear to be subject to CRA's Deemed Trust Claim.
11. The Statement of Affairs also listed accounts receivable. The accounts receivable balance reported to be good were \$777,587. A receivable amount of \$17,320 was collected by the Trustee from PCL for the progress payment on the 9th Ave Bridge Project.
12. The \$744,322 remaining accounts receivable balance reported as good in the Statement of Affairs is due from 2127712 Alberta Ltd. ("212"), a related party to the Bankrupt. The Trustee issued a letter demanding payment of this amount. The Trustee is aware that Roynat Ltd. has made an application to appoint a receiver over the assets of 212 that is scheduled to be heard by the Court on August 20, 2021. Therefore, collection of this receivable is doubtful.
13. The Trustee is aware that as of the date of bankruptcy, NASE was involved in the following four court actions:
 - a. As discussed above, NASE advanced a claim regarding the 9th Avenue Bridge Project against Shield, a steel supplier, and Wynward, Shield's insurance company who has issued a Performance Bond regarding the 9th Avenue Bridge Project, with the Court of Queen's Bench of Alberta. The claim is for \$3,673,856.02 and the penal limit of the Performance Bond is \$1,860,174.02. Shield has not defended the claim, but a Statement of Defence has been filed by Wynward. This litigation was at the document exchange phase as at the date of bankruptcy.
 - b. A claim was made by NASE against Exact Detailing Ltd. ("Exact") in the Court of Queen's Bench of Manitoba for \$4,677,711.08 concerning steel procurement and structural steel design regarding the design and construction of the Winnipeg Artis Tower. Exact has defended the action and brought a counterclaim for \$205,152.41 for alleged unpaid services concerning the project. Exact filed a builder's lien against the lands upon which the Winnipeg Artis Tower is situated for the said \$205,152.41 sum. The lien has been

vacated from the lands as a result of NASE paying the sum of \$205,152.41 into Court of Queen's Bench of Manitoba. The action was to be dealt with by way of arbitration but as of the date of bankruptcy, no arbitration had occurred or been scheduled.

- c. A claim was made by Exact against NASE for the sum of \$232,106.86 plus interest and costs in the Ontario Superior Court for alleged unpaid fees for the supply of structural steel design and erection drawings concerning the construction of a casino in Pickering, Ontario (the "Pickering Casino Project"). Exact registered a construction lien regarding the unpaid sum, which construction lien has been vacated as a result of NASE posting a letter of credit from the Bank of Nova Scotia with the Ontario Superior Court in the amount of \$282,106.87. NASE has defended the action. As of the date of bankruptcy, the litigation was at the document exchange phase.
- d. A claim was made by Métal Perreault Inc. ("MPI") against NASE for the sum of \$244,995.40 in the Ontario Superior Court for alleged unpaid amounts in respect of steel material supplied by to the Pickering Casino Project. NASE has defended the action and brought a counterclaim for \$2,980,000 plus interest and costs for alleged lost profits and costs in rectifying materials allegedly supplied by MPI. As of the date of bankruptcy, the litigation was at the document exchange phase.

14. The Trustee currently does not have funds to continue the litigation outlined above.

15. A preliminary review conducted by GD Auctions has estimated that all machinery, equipment, furniture and the vehicles of NASE located in Cochrane have a realizable value of \$205,675 based on their report dated August 13, 2021. The Trustee has received proof of claims from Ford Canada for the vehicles being financed. The Ford claims are currently being reviewed by the Trustee and its legal counsel.

16. The Trustee has estimated the following realizations of assets that would be available after CRA's Deemed Trust Claim is paid:

<u>Description</u>	<u>*Estimated Realization</u>
Cash	\$0
Furniture	0
Vehicles	0
Machinery, plant & equipment	0
Total Assets	<u>\$0</u>

* Estimated realization based on funds available after
CRA deemed trust claim is paid.

17. CRA's Deemed Trust Claim is currently unproven, however, any realizations that the Trustee makes on behalf of the Estate, including cash, will likely be subject to the Deemed Trust Claim.

18. Based on the above information, the Trustee does not currently anticipate there to be any funds available for distribution to the unsecured creditors of this estate.

SUMMARY OF CLAIMS

19. The Bankrupt's statement of affairs listed the following creditor claims:

<u>Description</u>	<u>Amount</u>
Secured	\$524,410
Preferred	\$38,010
*Unsecured	<u>\$6,671,182</u>
	<u>\$7,233,602</u>

*Unsecured amount includes \$1.1 million claim for unremitted source

deductions that form a deemed trust claim that ranks in priority to all other claims

20. As at 12:00 PM, August 19, 2021, the following claims have been submitted to the Trustee:

<u>Description</u>	<u># of claims</u>	<u>Amount</u>
Secured	3	\$514,429.51
Preferred	-	-
Unsecured	<u>5</u>	<u>1,858,613.18</u>
	<u>8</u>	<u>\$2,373,042.69</u>

LEGAL

21. Prior to the First Meeting of Creditors the Trustee has retained the services of Caron & Partners LLP ("Caron") to provide preliminary legal advice to the Estate with respect to getting access to assets, obtaining the sworn Statement of Affairs and obtaining information regarding the legal claims. We will be seeking confirmation of Caron as the Estate solicitors at the First Meeting of Inspectors.

REVIEW OF FRAUDULENT PREFERENCES AND TRANSFERS AT UNDERVALUE

22. The Trustee is required to undertake a review of any transactions that occurred prior to the date of bankruptcy that would constitute a transfer at undervalue or a fraudulent preference as defined by subsections 95 and 96 of the *Bankruptcy and Insolvency Act* (the "Review").

23. The Trustee has started the Review and is aware of \$32,300 in payments made on the date of bankruptcy by NASE to 212. These, and other transactions, will be reviewed once the Trustee receives the accounting and banking records from NASE's former Controller and from review of account records received from the various financial institutions that held NASE accounts.

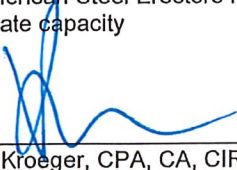
OTHER

24. The Trustee's fees and that of its legal counsel, Caron & Partners LLP, are being paid by ScotiaBank through a fee guarantee.

25. Further information with respect to these proceedings will be made available on the Trustee's website at <https://mnpdebt.ca/en/corporate/corporate-engagements/north-american-steel-erectors-inc> as it becomes available.

Dated at Calgary, Alberta this 19th day of August 2021.

MNP Ltd.,
In its capacity as Trustee of
North American Steel Erectors Inc. and not in its personal
or corporate capacity



Victor P. Kroeger, CPA, CA, CIRP, LIT, CFE
Senior Vice President

District of: Alberta
Division No: 02-Calgary
Court No: 25-095246
Estate No: 25-095246

ATTENDANCE LIST FOR THE FIRST MEETING OF CREDITORS
IN THE MATTER OF THE BANKRUPTCY OF
North American Steel Erectors Inc.

DATE & TIME: 19/08/2021 2:00:00 PM

PLACE: Zoom Meeting

DEBTOR

NAME: North American Steel Erectors Inc.

REPRESENTATIVE: – Steeve Toupin, Former President

MNP LTD., TRUSTEE & REPRESENTATIVES

Victor Kroeger, Licensed Insolvency Trustee;

Lucas Avery, Senior Consultant; and

Dean Hutchison - Caron & Partners LLP, Counsel to the Estate

<u>Attendee Name present via conference call</u>		<u>Representing</u>	<u>Amount of claim</u>	
			<u>Secured Claim</u>	<u>Unsecured Claim</u>
Victor Kroeger	Proxy	Brafasco/CTF Supply Ltd./White Cap Supply Canada Inc.	N/A	\$3,009.47
Crystal Martin	Proxy	The Bank of Nova Scotia	N/A	\$1,786,255.57
Donald Fortin		Himself	N/A	\$166,791.31
Nicolas Leclerc		Metal Perreault	\$244,995.40	N/A
Katherine King*		Herself	N/A	N/A
Shane Unrau*		Himself	N/A	N/A
Matthew Kirk - Mabbott & Company		Legal Counsel to Steeve Toupin	N/A	N/A
Total value of claims present via telephone conference			<u>\$244,995.40</u>	<u>\$1,956,056.35</u>

*No proofs of claim filed at time of meeting