

COURT FILE NUMBER 1803 - 05959
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF THE TORONTO DOMINION BANK
DEFENDANTS 1287839 ALBERTA LTD., PRICOPE MATWYCHUK HOLDINGS LTD., FEHR QUALITY CONTRACTING INC., AND 101279740 SASKATCHEWAN LTD.
DOCUMENT **FIRST REPORT OF THE RECEIVER, MNP LTD., DATED APRIL 13, 2018**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Ogilvie LLP
Attn: Kent Rowan
Suite 1400, 10303 Jasper Ave
Edmonton, AB T5J 3N6
Phone (780) 429 6236
Fax (780) 429 4453
Solicitors for the Receiver, MNP Ltd.



Introduction and Purpose of the Report

1. MNP Ltd. was appointed Receiver of 1287839 Alberta Ltd. ("Kopala"), Pricope Matwychuk Holdings Ltd. ("PM Holdings"), Fehr Quality Contracting Inc. ("Fehr") and 101279740 Saskatchewan Ltd. ("101") (collectively referred to herein as the "Company") pursuant to an March 29, 2018 Court of Queen's Bench of Alberta (the "Court") Order (the "March 29 Order").
2. The Company operated an oilfield services company located in Bonnyville, Alberta and Conklin, Alberta. The Company provided water/waste management services primarily to the oil and gas industry.
3. The principal shareholders and Directors of the Company are Alex Pricope and Christina Matwychuk.
4. This is the Receiver's First Report to Court (the "First Report") and its purpose is to advise the Court with respect to the status of the insurance policy and unearned premium.
5. In preparing the First Report and making comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Company, the Company's books and records, and information from other third-party sources (collectively, the "Information"). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada.

Insurance Policy and Unearned Premium

6. On March 29, 2018 the Receiver attended to the Company premises in Bonnyville, Alberta and hired an agent to attend to the property in Conklin, Alberta to take possession and secure the assets. The Receiver completed an inventory of the equipment available and took steps to secure the assets of the Company.
7. Based upon review of the books and records it was determined that the commercial insurance policies of the Company were provided by Northbridge General Insurance Corporation ("Northbridge").
8. The Northbridge insurance policy premiums were financed through the Company's insurance broker MHK Insurance Inc. ("MHK").
9. The Receiver contacted MHK on March 30, 2018 advising of its appointment and requesting confirmation of the status of the insurance policy, the status of the premiums and timing for the next installment payment.
10. On April 3, 2018 MHK responded to the Receiver's inquires advising that the total arrears under the policy were \$106,872.54 with 6 additional instalment payment (to be made monthly) totalling \$105,110.73 (\$17,518.45 per month). A copy of the April 3, 2018 correspondence from MHK is attached as **Schedule A**.
11. On April 3, 2018 the Receiver advised MHK that it would not be addressing the premium arrears but rather looking to make arrangements to pay the ongoing premiums. On April 3, 2018 MHK advised the Receiver that it would not be in MHK's interest to keep the insurance policies in force if the arrears are not being paid. A copy of the April 3, 2018 correspondence from MHK is attached as **Schedule B**.
12. MHK further advised the Receiver verbally that it would be cancelling the policies due to lack of payment.
13. Counsel for the Receiver advised MHK that the Receiver would pay a per diem amount of \$580.78 based upon the annual premium from the date of Receivership forward. The per diem amount payable from March 29, 2018 to April 6, 2018 would be \$5,226.98.
14. The Receiver proceeded to replace the Northbridge insurance policies with its own blanket insurance policy and advised MHK that the policy would no longer be required on April 6, 2018.
15. The Northbridge insurance policy was a 12 month policy effective from November 19, 2017 to November 19, 2018. The Receiver advised MHK that the policy was no longer required on April 6, 2018 resulting in approximately 7.5 months remaining of unearned premium (April 7, 2018 – November 19, 2018).
16. The total annual premium for the Northbridge insurance policy (not including the premium finance charges) was \$205,809.00 and calculating on a pro-rated basis the 7.5 months of unearned premium would equate to potentially \$128,630.63 (7.5/12 x 205,809).
17. Priority to the unearned insurance premium has not yet been determined as among the secured creditors and MHK.

1287839 Alberta Ltd. et al. – In Receivership
Receiver's First Report to Court
April 13, 2018

18. The Receiver seeks an order of this honourable Court directing that the unearned insurance premiums be paid into trust subject to further order of the Court.

MNP Ltd.

In its capacity as Receiver of

**1287839 Alberta Ltd., Pricope Matwychuk Holdings Ltd., Fehr Quality Contracting Inc. and
101279740 Saskatchewan Ltd.**

And not in its personal capacity



Per: Eric Sirrs, CIRP, Licensed Insolvency Trustee
Senior Vice President

Eric Sirrs

From: Hannah Nash <HNash@mhkinsurance.com>
Sent: April 3, 2018 11:32 AM
To: Karen Aylward
Subject: RE: Receivership of 1287839 Alberta Ltd.
Attachments: Commercial Package incl. Automobile Policy.pdf; Contractors Pollution Liability Policy.pdf; Directors & Officers Liability Policy.pdf

Hi Karen,

With respect to 1287839 Alberta Ltd. and Fehr Quality Contracting Inc., the insurance policies are currently in force, however there is significant premium still outstanding which is outlined below:

1287839 Alberta Ltd o/a Kopala Environmental Service et al
 Salix Premium Financing Contract #2122
 03-Apr-18

Insurance Premiums Financed

	Policy	Policy Number	Premium
	Package/Auto	CBC1940813	\$ 191,918.00
	Directors and Officers	DM160230	1,750.00
	Pollution	CP00674	12,141.00
Premium Finance charges			6,174.27
Total financed			\$ 211,983.27

Payments made to date

Balance owing at April 3, 2018	\$ 106,872.54
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SCHEDULED FUTURE INSTALMENTS

6 equal instalments of \$17,518.45 due on the 19th of each month as follows	\$ 105,110.73
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May 19	17,518.45
June 19	17,518.45
July 19	17,518.45
August 19	17,518.45
September 19	17,518.45
October 19	17,518.45

I will have MNP Ltd. added as a first loss payee with respect to the physical assets on the policy. As well, should you wish to work towards reducing future premiums by amending coverage on the policy, please contact myself at the below.

I trust you will find the enclosed in order, however please do not hesitate to contact the office with any questions or concerns.

Kind regards,

Hannah Nash CIP

Account Manager, Commercial Client Services



E hnash@mhkinsurance.com

D 587.525.6024

12316-107 Avenue, Edmonton, AB T5M 1Z1

www.mhkinsurance.com

From: Karen Aylward [mailto:Karen.Aylward@mnp.ca]
Sent: Friday, March 30, 2018 10:22 AM
To: MHK General Mailbox <general@mhkinsurance.com>
Subject: FW: Receivership of 1287839 Alberta Ltd.
Importance: High

Attached is the Order. Apologies.

Karen Aylward, CIRP, LIT
VICE PRESIDENT

DIRECT 780.969.1400
PH. 780.455.1155
FAX 780.409.5415
TOLL FREE 1.866.465.1155
10235 101St N.W.
Suite 1300
Edmonton, AB
T5J 3G1
mnpdebt.ca



MNP PROUDLY CELEBRATES THE CANADIAN ENTREPRENEURIAL DRIVE



From: Karen Aylward
Sent: March 30, 2018 10:22 AM
To: edmonton@mhkinsurance.com
Cc: Eric Sirrs <Eric.Sirrs@mnp.ca>
Subject: Receivership of 1287839 Alberta Ltd.
Importance: High

Good morning,

MNP Ltd. was appointed Receiver of the above named debtor by way of a Court Order granted on March 29, 2018. Attached for your records is a copy of the Receivership Order.

We understand that 1287839 Alberta Ltd. holds an insurance policy with your office listed as the broker. We are looking to confirm (as soon as possible) the status of the insurance policy(s) including what the status of the premiums are, the date and amount in relation to the next installment owing, and confirmation that insurance is still in force.

Please also ensure that MNP Ltd. is added as first loss payee to the existing policy(s).

Lastly, if you could please forward us complete copies of the policies that would be appreciated.

Regards,

Karen Aylward, CIRP, LIT
VICE PRESIDENT

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FAX 780.409.5415
TOLL FREE 1.866.465.1155
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GOLD | CANADA

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Eric Sirrs

From: Hannah Nash <HNash@mhkinsurance.com>
Sent: April 3, 2018 4:01 PM
To: Karen Aylward
Subject: RE: Receivership of 1287839 Alberta Ltd.

Hi Karen,

The policies have been kept in force with the understanding that the client was to pay the outstanding amount in order to avoid cancellation of the policies. In past experiences we have had receivers work with us to clear the outstanding amounts in order for the continuation of coverage. At this time it is not in MHK's interest to keep the policies in force should we not received the outstanding amount due to date.

Regards,

Hannah Nash CIP
Account Manager, Commercial Client Services



E hnash@mhkinsurance.com
D 587.525.6024

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www.mhkinsurance.com



This e-mail and any files transmitted with it are confidential. If you have received this e-mail by mistake, please notify the sender immediately by e-mail. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. If you are not the named addressee you should not disseminate, distribute or copy this e-mail.

From: Karen Aylward [mailto:Karen.Aylward@mnp.ca]
Sent: Tuesday, April 3, 2018 3:04 PM
To: Hannah Nash <HNash@mhkinsurance.com>
Subject: RE: Receivership of 1287839 Alberta Ltd.

Hi Hannah,

Thanks very much for getting back to me and providing the information. In terms of the outstanding amounts on the policy, we would be looking solely at paying the ongoing premium amount and not the arrears (the Court Ordered Receivership provides a stay of proceedings in relation to the outstanding amounts for which a claim can be filed). With respect to the go forward amount, can you tell me what the payment schedule would be and timing for next instalment?

I agree we can likely reduce coverage going forward.

Regards,

Karen Aylward, CIRP, LIT
VICE PRESIDENT

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GOLD 1 CANADA

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To: Karen Aylward <Karen.Aylward@mnp.ca>
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