

COURT FILE NUMBER 2001-04485
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT SANDTON CREDIT SOLUTIONS MASTER
FUND IV, LP
RESPONDENTS ACCEDE ENERGY SERVICES LTD., ACCEDE
FIRE & SAFETY LTD., 1537723 ALBERTA INC.,
AND ACCESS VALVE LTD.
DOCUMENT **FOURTH REPORT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS
COURT APPOINTED RECEIVER AND
MANAGER OF ACCEDE ENERGY
SERVICES LTD., ACCEDE FIRE & SAFETY
LTD., 1537723 ALBERTA INC., AND ACCESS
VALVE LTD.**

March 8, 2021

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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DOCUMENT

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INTRODUCTION

1. On March 23, 2020 (the “**Date of Appointment**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all the assets, undertakings and properties (the “**Property**” or “**Business**”) of Accede Energy Services Ltd. (“**Accede Energy**”), Accede Fire & Safety Ltd. (“**AFS**”), 1537723 Alberta Inc. (“**153 AB**”), and Access Valve Ltd. (“**Access Valve**”), collectively referred to as the “**Debtors**” or the “**Company**”, pursuant to an Order of the Honourable Justice K.M. Horner (the “**Receivership Order**”).
2. The Receivership Order authorized the Receiver, among other things, to manage, operate and carry on the Business of the Company, to market any or all of the Property including advertising and soliciting offers to purchase the Property, and to make such arrangements or agreements as deemed necessary by the Receiver.
3. On June 25, 2020, the Receiver sought and was granted four (4) sale approval and vesting orders (“**Approval and Vesting Orders**”). The Approval and Vesting Orders provided the Receiver with the Court’s approval to close three (3) separate purchase and sales agreements (“**PSAs**”) and one (1) auction services agreement (“**ASA**”) which contemplated, in aggregate, the sale of all the assets of the Company.
4. On July 9, 2020, the Receiver was authorized and directed to make an interim distribution in the amount of \$6,585,989.00 payable to Sandton Credit Solutions Master Fund IV, LP (“**Sandton**”), with a holdback for any potential priority amounts and the expenses of the receivership estate for any priority charges and the legal and professional fees necessary to complete the administration of the Debtors’ estates.
5. On October 22, 2020, this Honourable Court granted the following:

- (a) the Receiver was authorized and directed to make a second distribution in the amount of \$3,262,405.00 payable to Sandton, with a holdback for any potential priority amounts and the expenses of the receivership estate for any priority charges and the legal and professional fees necessary to complete the administration of the Debtor's estates;
 - (b) approval of the Receiver's and Receiver's legal counsels accounts for fees and disbursements as set out in the Receiver's Third Report; and
 - (c) the amendment to the Receivership Order by adding subparagraph 3(t), which grants the Receivership the power to assign the Debtors (or any one of them) into bankruptcy without further Order of this Honourable Court. Accede Energy Services Ltd. and Accede Fire & Safety Ltd. were subsequently assigned into bankruptcy on November 18, 2020.
6. The Receiver's reports and other publicly available information in respect of these proceedings (the "**Receivership Proceedings**") are posted on the Receiver's website at <http://cfcanada.fticonsulting.com/accedeenergy> (the "**Receiver's Website**").
7. The purpose of this report ("**Fourth Report**" or this "**Report**") is to provide this Honourable Court with:
- (a) an update of the activities of the Receiver since the Receiver's Third Report;
 - (b) an update on the administration of the WEPPA claims;
 - (c) a summary of receipts and disbursements from the Date of Appointment to March 5, 2021; and
 - (d) the Receiver's proposed third and final distribution.

8. The Receiver is requesting the following relief from this Honourable Court:
- (a) approval of the activities of the Receiver since the Receiver's Third Report reported herein, including the approval of its receipts and disbursements (which includes payment of the Receiver's fees and those of its legal counsel);
 - (b) approval of the fees of the Receiver and its legal counsel;
 - (c) authorization for the Receiver to make a final distribution to the secured creditors as outlined below;
 - (d) discharging the Receiver and terminating these receivership proceedings upon the completion of the Receiver's remaining administrative tasks and the Receiver filing with the Clerk of the Court a sworn Affidavit (the "Discharge Affidavit") of a licensed insolvency trustee employed by the Receiver; and
 - (e) authorizing of the Receiver to destroy the Company's corporate books and records if not claimed by the former directors within 30 days of them being notified of the Receiver's intention to destroy the said books and records.

TERMS OF REFERENCE

9. In preparing this Fourth Report, the Receiver has relied upon audited and unaudited financial information, other information available to the Receiver and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").
10. Except as described in this Fourth Report:

- (a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
 - (b) The Receiver has not examined or reviewed financial forecasts and projections referred to in this Fourth Report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
- 11. Future oriented financial information reported or relied on in preparing this Fourth Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.
- 12. The Receiver has prepared this Fourth Report in connection with the Receiver's Application that is to be heard on March 18, 2021. This Fourth Report should not be relied on for other purposes.
- 13. Information and advice described in this Fourth Report that has been provided to the Receiver by its legal counsel, MLT Aikins LLP (the "**Receiver's Counsel**"), was provided to assist the Receiver in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
- 14. All capitalized terms not defined herein are as defined in the Receiver's First Report.
- 15. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

RECEIVER'S ACTIVITIES SINCE THE THIRD REPORT

16. Since the date of the Receiver's Third Report, the Receiver has, among other things, completed the following:
- (a) Made the Proposed Second Distribution to Sandton in the amount of \$3,262,405.00 as approved by this Honourable Court as outlined in the Receiver's Third Report;
 - (b) Finalized the submission of eligible employee WEPPA claims to Service Canada and determined the amount of their respective super-priority charge;
 - (c) Complied with and responded to CRA GST/HST audits; and
 - (d) Determined the estimated holdback and proposed final distribution as discussed in further detail below.

WEPPA

17. The Receiver completed the submission of all eligible employee WEPPA claims to Service Canada. As of the date of this Fourth Report, the deadline for the Company's employees to submit their respective proofs of claim has expired. Furthermore, on February 13, 2021, Service Canada submitted their statements of claim to the Receiver as summarized in the table below:

Service Canada Statement of Claim	
Claim Type	Claim Amount
WEPP Statement - Unsecured	\$ 226,286
WEPP Statement - Super Priority	82,319
Total Super Priority Claim	\$ 308,605

18. Under WEPPA, a super-priority charge over the current assets is given in respect of claims for unpaid wages/vacation up to a maximum of \$2,000 per claim and for unpaid expense of a travelling salesperson of up to a maximum of \$1,000 per claim. The total super-priority charge based on the claims submitted by Service Canada is \$82,319.00, as such the Receiver has requested the total amount claimed by the Service Canada as their super-priority claim be included as part of the final proposed distribution payment to secured creditors as discussed in further detail below.

SUMMARY OF RECEIPTS AND DISBURSEMENT

19. Receipts and Disbursements from the Date of Appointment to March 5, 2021 are summarized as follows:

Schedule of Receipts and Disbursements As at March 5, 2021 \$ CAD	
Receipts	
Opening Cash	\$ 306,429
Revenue	4,237,853
PSA Receipts, excl GST	3,837,735
ASA Receipts, excl GST	4,597,353
Miscellaneous Receipts	91,755
GST / PST Collected	252,324
Total - Receipts	13,323,448
Disbursements	
Operating Expenses	593,253
Payroll and Employee Related Obligations	1,043,297
Rent	430,841
Insurance	78,044
Property Taxes	44,122
GST / PST Paid	125,977
Bank Charges	2,467
Selling Agent & Other Professional Fees	754,493
Interim Distributions to Secured Creditor	9,848,419
Total - Disbursements	12,920,914
Total Cash on Hand	\$ 402,534

- (a) Opening Cash – cash balance in Debtors bank account at Date of Appointment that transferred to Receiver’s account;
- (b) Revenue – amounts collected from customers related to work completed and rental assets contracted out, prior to and during, the Receivership Proceedings;
- (c) PSA & ASA Receipts – relates to the cash proceeds received from the three executed PSA’s and the executed ASA as approved by the Court since the date of the First Report;
- (d) Miscellaneous Receipts – minor refunds from deposits held;
- (e) GST / PST Collected – relates to tax credits collected on the revenue generated throughout the receivership period;
- (f) Operating expenses – relates to the payment of ongoing operating costs and costs associated with the wind down of operations;
- (g) Payroll and employee related obligations – costs relating to employee wages, payroll remittances, and benefits;
- (h) Rent – comprises rent paid related to all occupied, leased premises from which the Debtors were operating;
- (i) Insurance – costs incurred relating to insurance on the Remaining Equipment and operations;
- (j) Property Taxes – relate to costs incurred relating to property taxes on leased premises from which the Debtors were operating;
- (k) GST/PST paid – relates to goods and services tax remittances;

- (l) Bank charges – relates to banking fees;
 - (m) Selling Agent & Other Professional fees – relates to fees paid for the asset appraisals and other professionals in respect of the Receivership Proceedings; and
 - (n) Interim Distributions to Secured Creditor – relates to the initial interim and second distribution to Sandton, as authorized by this Honourable Court pursuant to the Receiver’s Second and Third Reports.
20. As at March 5, 2021 the Receiver held \$402,534.00 in cash on hand.

PROPOSED HOLDBACK AND FINAL DISTRIBUTION

21. The Receiver is currently holding cash of \$402,534.00 and is seeking approval to make a final distribution (“**Proposed Final Distribution**”) to the secured and priority creditors. The Receiver intends to distribute all funds currently held after payment of accrued but unpaid professional fees and minor remaining administrative amounts (i.e. record storage costs, moving/destruction of records, final miscellaneous operating invoices).
22. The Receiver’s estimated distributable funds after provisions remaining for professional fees and administrative costs are summarized in the table below:

Schedule of Holdbacks and Proposed Final Distribution	
\$ CAD	
Net Cash on Hand	\$ 402,534
Required Holdbacks:	
G&A	10,000
Bankruptcy	5,000
Receiver Fees and Legal Counsel	10,000
Total Required Holdbacks	25,000
Funds Available for Distribution	\$ 377,534
Proposed Final Distributions:	
Beneficiary to Sandton	\$ 295,215
Super-priority WEPPA Claims	82,319
Total Final Distribution	\$ 377,534

TERMINATION OF RECEIVERSHIP PROCEEDINGS AND DISCHARGE OF THE RECEIVER

23. The completion of the auction of additional assets, completion of the WEPPA process, and finalizing correspondence with the CRA in regards to the GST/HST audit were the final material matters required to be finalized or resolved within these receivership proceedings. Those matters have now been completed and the Receiver recommends terminating the receivership proceedings and discharging the Receiver conditional upon the Receiver filing a Discharge Affidavit confirming that it has completed its remaining administrative tasks and made the Final Distributions.

APPROVAL OF FEES

24. On October 22, 2020, this Honourable Court granted an Order approving the Receiver's and its legal counsel's accounts for fees and disbursements as set out in the Receiver's Third Report. The Order approved the following fees and disbursements as incurred from the Date of Appointment to the date of the Receiver's Third Report:
- (a) The Receiver's fees and expenses, exclusive of GST, of \$420,757.00. Since the date of the Third Report, invoices rendered by the Receiver for fees and expenses, exclusive of GST, total \$46,139.00 and the Receiver anticipates and additional \$5,000.00 for accrued unbilled work to date and administrative work to complete these receivership proceedings (collectively the "**Receiver's Fees**"). The accounts for services rendered will be made available upon request; and

- (b) The Receiver's legal counsel's fees and expenses, exclusive of GST, of \$121,413.00. Since the date of the Third Report, invoices rendered by the Receiver's Counsel for fees and expenses, exclusive of GST, total \$7,966.00 and the Receiver's Counsel anticipates an additional \$5,000.00 for accrued, unbilled work to date and administrative work to complete these receivership proceedings (collectively the "**Receiver's Counsel's Fees**"). The accounts for services rendered will be made available upon request.

RECEIVER'S RECOMMENDATIONS

- 25. The Receiver respectfully requests that this Honourable Court grant the following relief:
 - (a) authorization for the Receiver to make a final distribution to the secured and priority creditors of the Debtors as outlined above and approval to distribute any excess holdback from remaining administrative tasks to the secured creditors conditional on the Receiver filing the Discharge Affidavit;
 - (b) approval of the Receiver's fees and disbursements, including the fees and the disbursements of the Receiver's Counsel;
 - (c) approval of the Receiver's activities since the date of the Third Report, including its receipts and disbursements;
 - (d) discharging the Receiver and terminating these receivership proceedings upon the completion of the Receiver's remaining administrative tasks and the filing of a Discharge Affidavit; and
 - (e) authorizing the Receiver to destroy the Company's corporate books and records if not claimed by the former directors within 30 days of being discharged.

All of which is respectfully submitted this 8th day March 2021.

FTI Consulting Canada Inc.,
in its capacity as receiver and manager of
Accede Energy Services Ltd., Accede Fire &
Safety Ltd., 1537723 Alberta Inc., and Access
Valve Ltd., and not in its personal or corporate
capacity



Deryck Helkaa
Senior Managing Director



Dustin Olver
Senior Managing Director