



MLT INSOLVENCY GROUP 2010 IN REVIEW

The MacPherson Leslie & Tyerman LLP Insolvency Group carried out mandates in 2010 as counsel to debtor companies, secured creditors, receivers, trustees in bankruptcy and court-appointed monitors in proceedings before the Courts in Alberta, Saskatchewan, British Columbia, Yukon Territory, Iowa and Oregon. Highlights of the public record aspects of certain of these assignments are described below.

ALBERTA Assignments

Alberta Permit Pro Inc. (BIA Division I Proposal)

Alberta Permit Pro Inc. (“APPI”) is an Alberta corporation that carries on the business of reviewing applications for, issuing and inspecting permits within the building, electrical, fire, gas and plumbing sectors.

As a result of a re-assessment of APPI by Canada Revenue Agency arising out of accounting irregularities attributable to previous ownership, APPI became insolvent. On March 30, 2010, APPI filed a Notice of Intention to Make a Proposal to Creditors under Division I of Part III of the *Bankruptcy and Insolvency Act* (the “BIA”). A subsequent proposal to creditors filed by APPI was unanimously approved by all of the creditors of APPI ruled eligible to vote at a meeting of creditors in Edmonton on July 13, 2010.

As a result of two claimants appealing the disallowance of claims advanced by them against APPI, the BIA restructuring of APPI is ongoing in 2011.

Jeff Lee and Dean Hutchison of the MLT Insolvency Group act as counsel to APPI in regard to the BIA restructuring of APPI.

Highlights

- ❑ CCAA Assignments in Alberta, British Columbia and Saskatchewan
- ❑ Real Estate Assignments in Alberta
- ❑ Agribusiness Assignments in Saskatchewan and the United States

Pawluk Hotels Ltd. (Receivership)

Pawluk Hotels Ltd. (“PWL”) was the owner and operator of a hotel property located in Cold Lake, Alberta (the “Property”). The Property contained a bar (which had been operated by PWL) and a restaurant (which had been operated by a tenant of PWL).

An application by the senior mortgagee of the Property resulted in an Order of the Court of Queen's Bench of Alberta granted on October 5, 2010 appointing an Interim Receiver of PWL.

Dean Hutchison of the MLT Insolvency Group acted as counsel to the Interim Receiver of PWL.

Centre One Hundred Holdings (Amalgamated) Ltd. (Liquidation)

Centre One Hundred Holdings (Amalgamated) Ltd. (“C100”) is an Alberta corporation which owns a \$30 million portfolio of real estate properties in Edmonton and Grande Prairie, Alberta.

In December of 2009, certain aggrieved shareholders (the “Subject Shareholders”) of C100 obtained an Order of the Court of Queen's Bench of Alberta appointing a liquidator of the

assets of C100 (the “Liquidation Order”).

The Subject Shareholders subsequently retained Jeff Lee of the MLT Insolvency Group to act on their behalf in adjourning the enforcement of the Liquidation Order and permitting the Subject Shareholders to raise the bridge financing required to implement a buyout of the remaining shareholders of C100. As a result of an Order of the Court of Queen's Bench of Alberta entered in June of 2010, this initiative was successful and the Subject Shareholders completed the buyout of the interests of the remaining shareholders of C100.

Concrete Equities (CCAA and Receivership)

Concrete Equities comprised a group of corporations and partnerships that previously carried on the business of real estate acquisition and property management, operating primarily in Calgary, Alberta. By Orders of the Court of Queen's Bench of Alberta granted on July 29, 2009, the Concrete Equities entities were placed in Receivership and were granted protection under the *Companies Creditors' Arrangement Act* (the

“CCAA”).

In June of 2010, certain of the Concrete Equities entities (Safeguard Real Estate Investment Funds LPs I through V) successfully completed Plans of Arrangement under the CCAA.

Dean Hutchison of the MLT Insolvency Group acted as special counsel to the court appointed CCAA Monitor and Receiver of the Concrete Equities entities with respect to the review of certain real estate conveyance transactions, the structure of certain limited partnerships, the successful negotiation of the settlement of claims of certain secured creditors, the approval by the Court of the agreements regarding such settled claims, and the successful negotiation of forbearance agreements with certain mortgage holders.



SASKATCHEWAN Assignments

Clayton Construction (CCAA)

Clayton Construction Co. Ltd. and Clayton Construction Group Inc. (“Clayton Construction”) are Saskatchewan and Alberta corporations, respectively, which carry on the business of road building and construction in the Saskatchewan and Alberta oilfield service industry.

Clayton Construction obtained an Order of the Court of Queen's Bench For Saskatchewan under the *Companies' Creditors Arrangement Act* (the “CCAA”) in July of 2009 granting a stay of proceedings against it by its creditors. After several extensions, Clayton Construction successfully presented a Plan of Arrangement to its creditors which was approved by the creditors at a creditors meeting in Lloydminster in

December of 2010 and by the Saskatchewan Court in January of 2011. Clayton Construction will emerge as a restructured entity in 2011.

Jeff Lee and Janine Harding of the MLT Insolvency Group acted as counsel to the court-appointed Monitor of Clayton Construction in these CCAA restructuring proceedings.

Big Sky Farms Inc. (CCAA)

Big Sky Farms Inc., Drycast Systems Inc. and Big Sky Management Consulting Corp. (“Big Sky”) are Saskatchewan corporations which carry on the business of raising and selling pigs to pork processors from facilities located in 24 communities in Saskatchewan and Manitoba and in the State of Iowa, USA. Big Sky owed approximately \$100 million in debt to its secured and unsecured creditors.

Jeff Lee and Mike Russell of the MLT Insolvency Group acted as counsel to Big Sky in obtaining an Order of the Court of Queen's Bench For Saskatchewan under the CCAA in November of 2009 granting Big Sky a stay of proceedings against it by its creditors.

In December of 2009, Big Sky obtained an Order of the United States Bankruptcy Court for the Northern District of Iowa recognizing the Saskatchewan CCAA proceeding by Big Sky as a "foreign main proceeding" under Chapter 15 of the *United States Bankruptcy Code*.

Big Sky successfully presented a Plan of Arrangement which obtained approval at a meeting of creditors held in Saskatoon in February of 2010 and was subsequently sanctioned by Orders of the Court of Queen's Bench For Saskatchewan in February of 2010 and by the United States Bankruptcy Court for the Northern District of Iowa in March of 2010.

598847 Saskatchewan Ltd. & 598846 Saskatchewan Ltd. (Bankruptcy)

Tirecraft Group Inc. and its various subsidiary companies (collectively, "Tirecraft") previously carried on the business of wholesale distribution and retailing of replacement tires and manufacturing commercial truck retread tires.

In April of 2008, Tirecraft obtained protection under the CCAA by Order of the Court of Queen's Bench Of Alberta. In June of 2008, the Court appointed an interim receiver and receiver manager of all of the current and future assets, undertakings and properties of Tirecraft.

A subsidiary of Tirecraft known as Tirecraft Auto Centres Ltd. ("TAC") owned a controlling interest in 598846 Saskatchewan Ltd. ("598846"), a Saskatchewan corporation that carried on business in North Battleford, Saskatchewan.

In June of 2008 and April of 2009, by Orders of the Court of Queen's Bench Of Alberta, each of TGI and TAC were placed into bankruptcy pursuant to the BIA, respectively.

In August of 2010, Janine Harding and Jeff Lee of the MLT Insolvency Group acted as counsel to a lender to 598846 in obtaining a Bankruptcy Order against 598846 from the Court of Queen's Bench For Saskatchewan in Bankruptcy and Insolvency.



Assignments in Other Jurisdictions

BRITISH COLUMBIA Adanac Molybdenum Corporation (CCAA)

Adanac Molybdenum Corporation ("Adanac") is a British Columbia corporation which was previously engaged in the development of the Ruby Creek molybdenum mine in Northern British Columbia. In December of 2008, Adanac obtained an Order of the Supreme Court of British Columbia under the CCAA granting it protection from its creditors.

Jeff Lee of the MLT Insolvency Group acts as counsel to a supplier to Adanac in these ongoing CCAA proceedings.

YUKON TERRITORY Golden Hill Ventures Limited Partnership (Receivership)

Golden Hill Ventures Limited Partnership ("Golden Hill") is a Yukon Territory limited partnership which carries on the business of road construction, excavation and heavy construction projects in Yukon Territory, Northern British Columbia and Northwest Territory.

Jeff Lee and Dean Hutchison of the MLT Insolvency Group obtained an Order of the Yukon Territory Supreme Court in December of 2009 appointing a receiver of Golden Hill on behalf of the principal secured lender to Golden

The articles in this **Update** are provided as an information service by MacPherson Leslie & Tyerman LLP. They are general in nature and do not constitute legal advice.

Advertising material. This is a commercial Solicitation. (This notice required by Law Society of Saskatchewan Rule 1602.1(2)).

Hill and an Order of the Yukon Territory Supreme Court in December of 2010 approving distribution of auction sale proceeds to the principal secured lender to Golden Hill.

OREGON

North Pacific Trading Company (Receivership)

North Pacific Trading Company ("North Pacific") is a subsidiary of North Pacific Group Inc., Oregon's third-largest private company. North Pacific had previously been engaged in the trading of various agricultural products, including

peas, beans, lentils, grains, feeds, fertilizers and chemicals. In January of 2010, a consortium of secured lenders to North Pacific (led by Wells Fargo Capital Finance Inc.) obtained an Order of the United States District Court of Oregon appointing a receiver to preserve, protect and liquidate the property of North Pacific.

Mike Russell and Jeff Lee of the MLT Insolvency Group act as Saskatchewan counsel to a Saskatchewan supplier to North Pacific in respect of that supplier's Oregon statutory lien on the inventory and proceeds of North Pacific.

Notable Speaking Engagements

Commercial Amendments in Practice (CAIRP Seminar, Calgary)

On May 3, 2010, Jeff Lee participated in a panel discussion at a CAIRP Continuing Education Seminar along with Deryck Helkaa of Ernst & Young LLP and Madam Justice Barbara Romaine of the Court of Queen's Bench of Alberta. The discussion focused on significant amendments to the *Bankruptcy and Insolvency Act* and the *Companies' Creditors Arrangement Act* enacted in September of 2009.

Is The Border Fading Away? Best Practices in Canada-U.S. Cross Border Restructuring (CAIRP Conference, Kelowna)

On August 21, 2010, Jeff Lee was a member of a panel discussion along with Kevin Brennan of Ernst & Young LLP, Julie Johnson MacLean of

Davis Brown Law Firm (Des Moines, Iowa) and Professor Janis Sarra of the University of British Columbia. The topic was a discussion of recent developments in Chapter 15 of the *United States Bankruptcy Code* and best practices for Canadian insolvency practitioners seeking Chapter 15 Orders in the U.S.

Big Guns & Money: Tips & Traps From the Debtor/Creditor Experts (Saskatchewan Trial Lawyers' Association Conference, Regina)

On October 29, 2010, Conrad Hadubiak spoke on "Interim Remedies" and participated in a panel discussion on Saskatchewan insolvency law and practice with Mr. Justice Peter Whitmore of the Court of Queen's Bench For Saskatchewan and three other senior Saskatchewan insolvency lawyers.

If you would prefer to receive further newsletters in electronic format, or to be removed from our mailing list, please contact us at news@mlt.com.

In Regina Contact:

Conrad Hadubiak (306) 347-8447
Len Andrychuk, Q.C. (306) 347-8440

1500 - 1874 Scarth Street
Regina SK S4P 4E9
Fax: (306) 352-5250

In Saskatoon Contact:

Jeff Lee (306) 975-7136
Janine Harding (306) 975-7137
Mike Russell (306) 975-7141

1500 - 410 - 22nd Street East
Saskatoon SK S7K 5T6
Fax: (306) 975-7145

In Alberta Contact:

Dean Hutchison 403.693.4305
4505 - 400 - 3rd Ave SW
Calgary AB T2P 4H2

Len Hendrickson 780.969.5080
2250 - 10060 Jasper Ave
Edmonton AB T5J 3R8