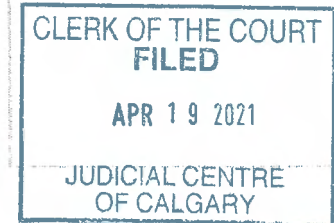


Clerk's Stamp



COURT FILE NUMBER 2101-02280
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFFS ROYAL BANK OF CANADA
DEFENDANTS PEOPLE EXPRESS TRANSPORT LTD.
PARTIES FILING THIS DOCUMENT PEOPLE EXPRESS TRANSPORT LTD.
DOCUMENT **AFFIDAVIT**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

McLEOD LAW LLP
300, 14505 Bannister Road SE
Calgary, Alberta T2X 3J3

Attention: Scott Chimuk and Randolph Mitchell
Direct: (403) 278-9411
Fax: (403) 271-1769
File #: 146982/RWM

AFFIDAVIT OF CHARANPREET BRAR
Sworn/Affirmed this 19th day of April, 2021

I, CHARANPREET BRAR, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am an officer and representative of the Defendant in this matter. As such, I have personal knowledge of the matters hereinafter deposed to except where stated to be based on information and belief and where it is so stated, I verily believe the same to be true.

Cooperation with A&M

2. I have read and reviewed the Affidavits of Arnold Mason and they contain factual errors with respect to our cooperation with A&M as well as with respect to the sequence of events. In addition to my prior evidence I make this affidavit bona fide to address some of the new issues contained in Mr. Mason's recent Affidavits.

3. I am informed by People's lawyer, Scott Chimuk, and verily believe to be true that the parties obtained the Court date on April 7, 2021 at the outset of discussions between counsel in early March 2021 as a "just in case" date should the parties need it and not as a response to any alleged default of People Express. In addition, I am informed by Mr. Chimuk that the date was moved from April 7, 2021 to April 20, 2021 in order to allow RBC time to consider a new financing option that was presented to us from ECapital.
4. Further, Justice Eidsvik did not order that A&M was to be appointed as an unofficial monitor. Rather, People Express agreed with the private appointment of A&M as a monitor out of a good faith indication of our willingness to abide by the spirit of Justice Eidsvik's direction that the parties ought to try to cooperate with each other in good faith to attempt a resolution outside of a formal receivership. Attached hereto and marked as **Exhibit "A"** are the transcripts from the February 25, 2021 attendance before Justice Eidsvik.
5. While both parties immediately engaged in discussions regarding forbearance following the Court attendance before Justice Eidsvik it must be remembered the context under which these discussions took place - RBC was effectively holding a gun to our head and threatening to cut off all financing and shutdown our bank accounts such that we would be unable to operate our business. Attached hereto and marked as **Exhibit "B"** is a copy of an email from RBC counsel wherein they threatened to immediately cut off our credit line and visas if we did not immediately agree to their forbearance terms. While it is true that we were negotiating this with counsel the practical business reality is that RBC had all the power during these discussions and there was little that we could do other than agree without seriously jeopardizing our business.
6. Further, the first phone call and request from A&M took place on Wednesday March 10, 2021. Attached hereto and marked as **Exhibit "C"** is a copy of an email and attached spreadsheet from RBC attaching the initial request for documents. In short, the first request for documents was relatively vague and despite being provided late in the day Wednesday called for some documents to be delivered by that Friday.
7. People Express did its best to comply with all document requests however it must be remembered that while these requests were going on we were also still running our business, trying to arrange for the sale of equipment to pay out the loan and trying

to arrange for major financing to take out the RBC loan in its entirety - all under very short timelines.

8. Attached hereto and marked as **Exhibit "D"** is a chain of email correspondence between People Express and A&M. As you can see from the emails People Express provided all documentation to A&M on Wednesday March 17, 2021. It was only two days later on Friday March 19, 2021 that RBC advised that it required more documentation however it failed to provide a list specifying exactly what documents it was missing. It was only after our counsel wrote to request a specific list of documents that were missing that we were provided with such a list. On March 17, 2021
9. Attached hereto and marked as **"Exhibit E"** to my previous Affidavit is a copy of an email from A&M on April 5, 2021 indicating that we had complied with all of A&M's requests and that they would reach out to us for anything further if required. As such A&M has confirmed that we have in fact cooperated and provided them with everything they required within the deadlines.

Financing Options

10. Further to my earlier Affidavit we have continued to pursue other financing options. In addition to the potential \$6,000,000.00 financing option regarding People Express's A/R, we have also been having discussions regarding financing on our trucks and trailers.
11. We have already sold some equipment , with RBC's consent, to Essex Lease Financial Corporation for \$850,000.00 plus GST which was used to pay down our RBC debt. We have had further discussions with Essex, including discussions today, wherein Essex confirmed that they were interested in lending against the trailers to take out the RBC loan. In a phone call today Ross Sten, Essex's CEO, confirmed and I verily believe to be true that he expected a deal could likely close in 2 - 3 weeks. This deal would include the financing of our trailers as well as the sale of some of the non-essential equipment.

Garage Keepers Lien

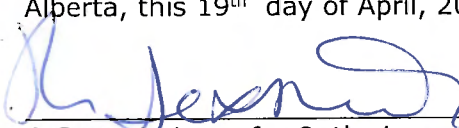
12. I note that Paragraph 14 of Mr. Mason's affidavit of April 15, 2021 refers to the existence of several Garage Keeper's liens. I note that these liens are not new. It is standard procedure in the trucking business that when we send trucks for substantial repairs that the repair shop will enter Garage keeper's liens while we arrange payment

plans to pay out these repairs. We have a good relationship with the parties that filed these liens and continue to make arrangement for payments on these repair costs. This is usual operating procedure and RBC ought to be well aware of this.

Good Faith Resolution

13. Given the developments regarding financing that have taken place to date I believe that we are on the cusp of closing several deals which collectively will likely satisfy the RBC demand.
14. If we are provided more time - ie. one week to file a NOI and 30 days thereafter - I expect that we can close these deals and save People Express from receivership. If the Consent Order is filed, on the other hand, these opportunities will go away and People Express will be put into a receivership. This will cost 150 of our hard working employees their jobs and destroy the business of the second largest produce carrier in Western Canada.
15. I make this Affidavit in support of the dismissal of RBC's application and the granting of People's cross application and for no other purpose.

SWORN/AFFIRMED BEFORE ME at the)
 City of Calgary, in the Province of)
 Alberta, this 19th day of April, 2021.)
)
)
)


 A Commissioner for Oaths in and for
 Alberta


 CHARANPREET BRAR

TERI-LYNN SEXSMITH
 A Commissioner for Oaths
 in and for Alberta
 My Commission Expires on Dec. 7, 2022

EXHIBIT "A"

Action No.: 2101-02280
E-File Name: CVQ21PEOPLE
Appeal No.: _____

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

BETWEEN:

ROYAL BANK OF CANADA

Plaintiff

and

PEOPLE EXPRESS TRANSPORT LTD.

Defendant

PROCEEDINGS

Calgary, Alberta
February 25, 2021

Transcript Management Services
Suite 1901-N, 601-5th Street SW
Calgary, Alberta T2P 5P7
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Email: TMS.Calgary@csadm.just.gov.ab.ca

THIS IS EXHIBIT " A "
Referred to in the Affidavit of
Charanpreet Bar
Sworn before me this 19
day of April 2021
[Signature]
A Commissioner of Oaths in and for
the Province of Alberta

TERI-LYNN SEXSMITH
A Commissioner for Oaths
in and for Alberta
My Commission Expires on Dec. 7, 2022

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Proceedings taken in the Court of Queen's Bench of Alberta, Courthouse, Calgary, Alberta

February 25, 2021

Morning Session

The Honourable Madam Justice Eidsvik Court of Queen's Bench of Alberta
(remote appearance)

J. L. Oliver (remote appearance)	For Royal Bank of Canada
S. C. Chimuk (remote appearance)	For People Express Transport Ltd.
R. Mitchell (remote appearance)	For People Express Transport Ltd.
G. F. Body (remote appearance)	For the Department of Justice
K. Kashuba (remote appearance)	For the Receiver
L. Blenkinsop	Court Clerk

THE COURT: Good morning, counsel.

MR. OLIVER: Good morning, My Lady.

MR. CHIMUK: Good morning, My Lady.

THE COURT: Good morning. All right. Let me just pull up
your material here. Okay. So we have an application by RBC, represented by Mr. Oliver.
Are you going to make the representations today, Mr. Oliver?

MR. OLIVER: Yes, I will, My Lady. Good morning. For the
record, Jeffrey Oliver appearing as counsel to Royal Bank of Canada. Also in attendance
in the application this morning are Scott Chimuk and Randy Mitchell of the firm McLeod
Law, who are counsel to the defendant, People Express Transport Ltd. Also in attendance
is George Body, who is with the Department of Justice on behalf of Canada Revenue
Agency. Mr. Kashuba for the Torys firm is on the line, he is counsel to the proposed
receiver and interim receiver, Alvarez & Marsal Canada Inc. And in addition, from
Alvarez & Marsal we have Orest Konowalchuk and Cassie Riglin.

I should advise Your Ladyship that I did advise the service list of the change in time of the
hearing and for which we greatly thank you in order to -- to accommodate this matter, but
I suppose it is possible people may join a little later, but everyone has been -- has been
notified.

THE COURT: All right.

1
2 MR. OLIVER: Thank you. As you've indicated, this is an
3 application to appoint a receiver over the property assets and undertaking of the defendant,
4 People Express Transport Ltd. and that -- that request included the request to abridge the
5 usual 10 day notice period that's -- which abridgement is permitted under section 243(1.1.)
6 of the BIA. In the alternative, the bank is seeking the appointment of an interim receiver
7 pursuant to section 47 of the *Bankruptcy and Insolvency Act*. I will flag for you at the
8 outset that I understand that my friend, Mr. Chimuk, is requesting an adjournment of the
9 hearing --

10
11 THE COURT: M-hm.

12
13 MR. OLIVER: -- so I'm in your hands with respect to how you
14 would like to proceed. I'd be happy to address service and I anticipate that my submissions
15 in chief would be approximately 15 to 20 minutes, so I'm -- I'm mindful of the limited time
16 that we -- that we have this morning.

17
18 THE COURT: Well, probably I should hear the adjournment
19 application first. So, Mr. Chimuk?

20
21 MR. CHIMUK: Thank you, Madam Justice.

22
23 THE COURT: Thank you.

24
25 **Submissions by Mr. Chimuk**

26
27 MR. CHIMUK: There's -- there's a couple of reasons why we are
28 seeking an adjournment, the most pressing one being the fact that we were just provided
29 with new affidavit material from my friend in the form of an unsworn affidavit which
30 purports to substantively respond to and put in issue many of the allegations in our affidavit
31 that was filed yesterday, and we received that at 8:44 AM, an unsworn copy today.

32
33 Upon receiving this at 8:44, 2 or 3 minutes later, I responded to my friend advising that
34 there was just no way that we would be able to -- (a) I would be able to review it, you
35 know, in an hour and a half, hour and 45 minutes prior to today's application, give it to my
36 client, and -- and be in a position to substantively respond and seek instructions with respect
37 to (INDISCERNIBLE), and that's why I advised him at that time immediately that we
38 would be seeking an adjournment of today's application.

39
40 I now have had a chance to -- over the last hour and a half to review it and read it and --
41 and we do take issue with respect to many of the things contained in it. He challenges

1 much of what's contained in our affidavit and our intention would be to file a supplemental
2 affidavit responding to this as well as to cross-examine with respect to this affidavit.

3
4 Part of the problem here, and this -- I don't want to encroach too much on my substantive
5 submissions, is that, in our respectful view, it's been a bit of a -- a moving target in terms
6 of what exactly it is that we are responding to. We note that the notice of enforcement was
7 provided by RBC on the 12th and, as noted by my friend, they filed their application in less
8 than the statutory minimum 10 day requirement under the BIA. Now, we appreciate the
9 (INDISCERNIBLE), the Court has discretion with respect to that, but our submission is
10 going to be that, when you're -- when you're talking about a demand payment and the
11 demand payment portion of the loan which is (INDISCERNIBLE) is to the tune of 3 and a
12 half million dollars. The other 9,035,000, whatever it is, is with respect to the term, but
13 that when you're talking about a 3 and a half million dollar demand, you know, it's not as
14 if my client can simply open their wallet and say, Do you want that in tens or twenties,
15 right? And so that there are commercial practical reasons why there is the minimum 10
16 day statutory notice for them to get that money.

17
18 And then, in addition, there's an argument we can make, and this is in, as I'm sure My Lady
19 is aware, in (INDISCERNIBLE) BIA, it talks about whether or not in addition to the
20 minimum statutory notice there is an argument that you are entitled to (INDISCERNIBLE)
21 as well when there is no demand period specified in the financing agreement, and that's the
22 case and it's a reference to a demand, but it doesn't make reference in those documents to
23 what that demand period is.

24
25 So, anyways, the -- the long and the short of it, again, not getting into the substance, is to
26 say we're here, the application was filed earlier than it -- than it should have been filed, in
27 any event. When the application was filed on Friday, at first it was -- it was filed with
28 respect to the appointment of receiver number 243. The substance, in -- in our view, of the
29 allegations relating to the urgency or -- or why this appointment needed to be done related
30 to two main issues, number one being the fact that allegedly there were debts owed to CRA,
31 CRA was -- it was not up to date allegedly and, number two, there were payroll liabilities,
32 allegedly.

33
34 Another reason why that's important when it comes to timing is because I understand that,
35 at least the initial position on Friday was we need to get immediately before the Court
36 because we're concerned that there could be potential super priority claims which are going
37 to (INDISCERNIBLE) the security and, you know, whether we're going under just
38 inconvenient under 243 or whether we're going under a -- a threat to the security under
39 section 47, you know, that's -- that's why it's important and that's why we need to do this
40 right away.

41

1 THE COURT: M-hm.

2
3 MR. CHIMUK: We substantively responded to that first just
4 between counsel providing them with information with respect to payroll and CRA
5 information that was later included in our affidavit that was filed yesterday. We had sent
6 that to my friend on Tuesday and -- and that information found its way into the -- the
7 affidavit that we filed late yesterday afternoon with the Court.
8

9 And so at -- at first it appears, well, the issue is there's this CRA liability and the issue is
10 that there's this payroll that's not being made and we're really concerned with respect to
11 super priority and that's why we need to be in quick. And so, even though there's the 10
12 day period, we're asking you to waive it, this needs to be heard, there's urgency and
13 immediacy to it.
14

15 Well, we responded, and this is contained in exhibits to the affidavit that we provided, with
16 a letter from the accountant stating that everything's up to date, that there are no outstanding
17 issues with respect to CRA. We provided print offs from the CRA website indicating that
18 everything's up to date, that there's no issue there, and we provided payroll information as
19 well indicating that there is no outstanding payroll issue. So, essentially, there -- there is
20 no emergency as -- as to why we need to be here right now with respect to, you know,
21 waiving notice periods under the Act, which we suggest that the Court shouldn't do lightly.
22 If there was an emergency, then, obviously, it's -- it's within the discretion of the
23 (INDISCERNIBLE) just there isn't.
24

25 And then we get the -- when we talk about the (INDISCERNIBLE), we get -- we get more
26 affidavits, you know, we get another affidavit from my friend yesterday notwithstanding
27 the fact that it's his application, and then we get an -- an affidavit this morning and in that
28 affidavit, which I don't know if My Lady's had an opportunity to review --
29

30 THE COURT: Yes, I reviewed it quickly.

31
32 MR. CHIMUK: But you'll note that in the attachments that they
33 attach, like their Exhibit A and their Exhibit D and whatnot, these are documents which
34 were in existence -- you know, it purports to be information from, you know, November
35 and December of 2020. I don't know why this information wasn't included in the initial
36 affidavit that was sworn on Friday, this isn't new information. I mean, it's new to the -- the
37 substance of the affidavit is new to the extent that it replies to our affidavit, but this isn't
38 new information. And they, again, in this affidavit, they're raising issues with respect to
39 things like insurance.
40

41 Well, I have had the chance to briefly talk to my client, we will be filing a supplemental

1 affidavit that says the insurance is up to date, there is no issues with respect to insurance,
2 but I note that, you know, this -- this insurance issue is -- is effectively a new issue that's
3 being raised today and what's happening here, I think, is that they -- they have these
4 arguments with respect to why this was so urgent. We substantively responded and
5 provided the best information that was available in -- in the short timeframe that the
6 company had, i.e., a letter from an independent accountant saying that -- that there is no
7 issue, that everything's up to date, and now we've -- we've answered that, in my view.

8
9 Now they're changing the goal posts and now -- okay, now there's these new allegations,
10 what about insurance? What about -- what about this? What about that? And they're --
11 they're trying to do so, it would be my submission, in order to support the position that
12 somehow there -- there is an emergency issue here today. With respect, given the fact that
13 -- that the argument is changing, we ought to have the opportunity to cross-examine on this
14 affidavit which challenges our evidence in my brief --

15
16 THE COURT: Okay. So, Mr. Chimuk, what kind of timing are
17 you suggesting is appropriate and on what conditions are you prepared to accept on the
18 terms of this adjournment?

19
20 MR. CHIMUK: Absolutely. So a -- a couple of things. First, in
21 terms of -- of the conditions that we'd be willing to accept for the adjournment, you know,
22 we appreciate -- we want to be reasonable here and -- and we appreciate that it's important
23 that we provide my friend at RBC with -- with information as it comes,
24 (INDISCERNIBLE) they're -- they're saying that there's these CRA issues and they're
25 saying that there's these employee issues, so we have no problem with respect to ongoing
26 disclosure to them during -- during the adjournment period, until this could be heard
27 substantively on its merits, so that nobody's caught unaware or -- and that they have all the
28 information that's available to them to do so, and that's contained -- our letter of proposal
29 there has -- has set out what we're going to agree to in our -- I think the last paragraph of
30 -- of the affidavit we had submitted.

31
32 So we're willing to agree to ongoing disclosure with respect to CRA with respect to what
33 we're doing on financing. I know that they've raised issues with respect to the financing.
34 I just -- I received the document late last night, an updated one, so it's -- it's not out of time.
35 We'll provide that information (INDISCERNIBLE) and so we have no issue consenting to
36 continue to provide information as it relates to refinancing, potential sale of assets,
37 information related to CRA, information related to payroll, we'll do that.

38
39 And then with respect to timing of the adjournment, we're in -- we're in the Court's hands.
40 Our intention is not to -- to unduly delay here. I guess -- I suppose it's going to be subject
41 to the availability of the Court. We would suggest -- the cross-examinations are not -- it's

1 not going to be that long. I would suspect, and I don't want to speak for my friend, but I
 2 suspect that (INDISCERNIBLE) of cross-examinations probably could be done in an
 3 afternoon, we're doing everything remotely, anyway, so it's probably not a big timing
 4 concern. I would suggest, but, of course, this -- this up to Madam Justice, if you find it
 5 helpful that the parties file briefs, you know, as long as there's a couple of days or, you
 6 know, between the submissions and those briefs, that would seem reasonable to me. So
 7 we're certainly in the Court's hands just with respect to -- to timing. I -- I don't suspect that
 8 we (INDISCERNIBLE).

9
 10 THE COURT: Sorry, I missed the last bit.

11
 12 MR. CHIMUK: Sorry. I just said I don't -- I don't suspect that we
 13 need a -- a ton of time, I don't know, 3 weeks seem to be reasonable to get -- to be able to
 14 get all those steps done.

15
 16 THE COURT: Okay. All right. Does that conclude your
 17 remarks for now?

18
 19 MR. CHIMUK: Yes, it does, Madam Justice.

20
 21 THE COURT: Okay. All right. Thank you.

22
 23 Okay. Mr. Oliver?

24
 25 **Submissions by Mr. Oliver**

26
 27 MR. OLIVER: Thank you, My Lady. This matter is truly
 28 litigation in real time. I appreciate my friend just received this supplementary affidavit this
 29 morning. Of course, we received his affidavit at 2:47 yesterday afternoon and the payroll
 30 information was provided to our office at -- in or around the same period of time. And that
 31 -- it's that payroll information in particular that I would submit is concerning. It
 32 demonstrates, relatively clearly, that there is -- that payroll is not current and that there are
 33 serious questions about that -- about that issue.

34
 35 So while a -- a 3 week adjournment would be certainly -- certainly nice, I -- with the greatest
 36 of respect, I -- I don't think that's the world we can realistically live in without some interim
 37 relief in the form of -- of an interim receiver in the interim period for RBC. We are at a
 38 point now, My Lady, where I don't think my client believes the reporting that it's getting.
 39 As Mr. Masson's affidavit indicates, there are bald assertions in the affidavit before you
 40 that payroll is current when the very documents we were provided appear to indicate that
 41 it's not.

1
2 The reality is the defendant is a large trucking company. They operate out of six locations,
3 one -- two in the United States, four in Canada, with 150 tractors, 175 trailers, and 150
4 employees. This is -- this is a large operation. The RBC is the most significant stakeholder,
5 it's owed \$12.4 million. The fact that there are term loans and demand loans, frankly, are
6 irrelevant because the -- there are cross-default provisions, as one would expect in those
7 term loans, so for all intents and purposes, the term loans are demand loans because once
8 demand is issued all of the debt becomes due -- due and payable.
9

10 The concern is there remains emergent circumstances. The defendants themselves
11 requested and were denied an increase in the line of credit of half a million dollars
12 approximately 2 weeks ago and, at that point, the bank was advised that those funds were
13 necessary in order to make payroll. And as I have indicated, based on Mr. Masson's
14 evidence, we have average payrolls being about 12 days late and it looks like the February
15 15th payroll has not been met.
16

17 THE COURT: Well, Mr. Oliver, the problem is that your fellow
18 is saying one thing, they're saying another thing, it's completely contradictory in front of
19 the Court, quite frankly. I don't quite understand the rush here that RBC had. I mean, they
20 seem to have come forward with some concerns about financing, they're trying to get other
21 financing in place and RBC, after a 20 year relationship, wants to pull the plug on them
22 within 10 days? I find, quite frankly, it's a bit much.
23

24 And so I have to say that's sort of my reaction to reading all of this material. There seems
25 to be a distrust that's come up, that's for sure, and there seems to be a lot of questions, but
26 why are they not talking to each other? This filing of affidavits with completely different
27 information, it's not really reasonable. Like what's happening here? Why aren't you all
28 getting into a room somewhere, perhaps with the Receiver or somebody else to help you,
29 and try to get to the bottom of this? But to throw all of this at the Court all in a contradictory
30 nature with very short timelines seems to be really over the top, especially in these COVID
31 times. I'm a bit shocked, I have to say.
32

33 MR. OLIVER: I appreciate your -- your comments, My Lady,
34 I'll certainly take those -- take those back to -- to RBC. What -- what I can say is the bank
35 does have concerns about -- about payroll. They -- they are not happy with the information
36 that has been provided, they are not satisfied with it. The --
37

38 THE COURT: Well, I need to get to the bottom of it. Look, I
39 understand their concerns, they need to get to the bottom of it, but to appoint a receiver is
40 a pretty draconian step, quite frankly. So think of some alternatives besides appointing a
41 receiver.

1
2 MR. OLIVER: Certainly, the --

3
4 THE COURT: And think of adjournments because it does not
5 seem fair what's going on to me. This does not seem fair, frankly, and so that's my biggest
6 concern from the Court's perspective, right.

7
8 MR. OLIVER: Yes. So the -- the request that was granted -- or
9 that was -- that was included in the application materials for the -- for the interim receiver
10 was a recognition that things were certainly moving -- moving quickly and that the Court
11 may have concerns with respect to the granting of a -- of a full fledged receiver, so we're
12 -- we're certainly alive to the -- to the concerns.

13
14 The -- it was the suggestion of the interim receiver as a stopgap measure was an attempt to
15 essentially give some protection and transparency to the -- to RBC while the parties have
16 -- have an opportunity to have further -- further discussions on those issues, the -- and we
17 would then return back to the Court, obviously, in the future with a -- with a report from
18 (INDISCERNIBLE) with respect to what is -- what is going on.

19
20 If -- if Your Ladyship is not inclined to grant that relief, I understand and -- and we -- we
21 can discuss what a schedule otherwise -- otherwise looks -- looks like. The bank's main
22 concern, My Lady, is there are significant liquidity issues. We have approximately 16
23 mechanics' liens that seems to be registered on this -- this large fleet of vehicles and we all
24 -- all the while, a very large operation is seemingly operating on not a lot of capital at the
25 moment.

26
27 So those -- those are the -- are the concerns. I will raise them. We're obviously in Your
28 Ladyship's hands on -- on these issues, but I did want to provide that background with
29 respect to why the request for the interim receiver was included.

30
31 THE COURT: No, fair enough. Well, this seems to me that the
32 bank needs to get to the bottom of some of these concerns that's been expressed by Mr.
33 Masson, is that his name in your affidavit?

34
35 MR. OLIVER: Masson, yes.

36
37 THE COURT: Masson. Masson. Right. And, I mean, they
38 have a lot of questions. There was the affidavit that was put together, you know, quite
39 quickly by Mr. Brar that tried to answer some of the concerns but, of course, just like you
40 said and your client said in his affidavit, you know, you didn't have and Mr. Brar didn't
41 have time to get to the bottom of all of the details, I mean, you know, hours, basically, since

1 this, you know, was brought up.
2

3 So, I mean, there's the strictly legal way of going through this, cross-examinations on
4 affidavits and yada, yada, all that sort of stuff, which is important, but also like there's more
5 of a dispute resolution method as well, which is to get these parties together perhaps with
6 this fellow, Orest, your potential receiver, have him in the room and have a meeting to try
7 to sort this out and see if there's other ways that you can solve the problems that these
8 people expressed. They're trying to get alternative financing with this
9 (INDISCERNIBLE). The material they've attached, I agree, was old, now they're saying
10 that there's other stuff that's newer. I mean, they were throwing this together in a panic, no
11 doubt, in face of RBC's pretty heavy-handed application to get into court, you know, within
12 days of them asking for some help.
13

14 So is there some way that that can happen in a short order? Like getting back into court,
15 you'll have to talk to the commercial coordinator. We're quite booked up but, you know,
16 in emergency situations, we always try to find a commercial judge, even if you can't get on
17 the list itself, because I understand the list itself is pretty plugged, we only have one
18 commercial judge sitting a week, unfortunately. So, you know, we're doing the best we
19 can.
20

21 And so, you know, it just doesn't seem right today in this massive contradictory evidence.
22 I don't have the confidence to order that an interim receiver be appointed today, but I would
23 like to see some kind of solution because I hear RBC's concerns. I mean, you know, they're
24 serious concerns, there's all these trucks running around, other people could start seizing
25 things and, of course, it's like a rush to the bank, Mr. Oliver, as soon as you start this stuff,
26 too, you create a lack of confidence with a lot of their other commercial partners, right. So,
27 you know, you have to be very careful. Sometimes just raising these fears will create the
28 actual thing that you're afraid of that might not have even happened if you'd worked more
29 cooperatively. Just saying, you know, these things are tough, and you know this as much
30 as I do, I'm not telling you anything that you don't know, you're very experienced counsel,
31 so.
32

33 So what can we do to try to give a little more time here so the parties can get together with
34 counsel, with Mr. Konowalchuk, is that his name? Yes, Konowalchuk, perhaps. They've
35 indicated that they're willing to open up their books as they need to to allow a more fulsome
36 review of some of these things and have a conversation. I don't know how you put that in
37 an order, necessarily, for the interim but I'm open to suggestions.
38

39 And in terms of timing and getting back in court should, you know, you not be able to reach
40 a resolution one way or another, I mean, it could be that you'll be able to agree to some
41 kind of interim receiver or get some independent help from Mr. Konowalchuk in a

1 receivership type of position funded by RBC, which they're prepared to do, right, they said
2 they're prepared to fund this.

3
4 So, I don't know, I'm throwing this back to you, Mr. Oliver, to try to think creatively of
5 how to reach a resolution here, or if not a resolution, at least calm the bank down in terms
6 of, you know, forward movement here in trying to resolve some of these problems. Getting
7 a hold of someone like Cargill, what's going on with Cargill? Why haven't they paid their
8 bills? I mean, it's a huge amount of money that's owing, and there's other people that have
9 been pointed out by your client and by Mr. Brar in the affidavits.

10
11 There's a lot of (INDISCERNIBLE) out there and, in part, there's this pandemic stuff and
12 part maybe I don't know. Everybody's working shorthanded so, you know, it just seems to
13 me that you certainly got their attention by bringing this application and certainly things
14 are urgent, but what can you do and what kind of order can I grant to give a short
15 adjournment here and get your client and Mr. Chimuk's clients together?

16
17 MR. OLIVER: So off the top of my head, My Lady, from -- from
18 memory, I -- I seem to recall there -- there is time available, just sort of working backwards
19 here, there is time available on the commercial list in Edmonton if -- if it's required
20 throughout --

21
22 THE COURT: Right, another good suggestion. In Edmonton,
23 they're way less busy than us and we're doing all of it virtually, anyway, so, us in Calgary.

24
25 MR. OLIVER: Yes.

26
27 THE COURT: That's a great idea.

28
29 MR. OLIVER: So there's -- they're -- they're relatively open,
30 from memory, in the month of March. I -- I would be -- I -- my understanding is, and it's
31 at the risk of stating the obvious, the RBC clearly wants to exit this lending relationship
32 and so anything we would be looking at would be an arrangement that would provide the
33 -- the disclosure RBC I think requires in the intervening period to have a level of comfort
34 that -- that the -- that its security position and the operation of the business are relatively
35 stable, or at least as stable as can be, in the circumstances in the intervening period.

36
37 I'd have to speak to the bank about -- about whether mediation in and of itself makes --
38 makes sense, but my -- my inclination is -- is I think a litigation schedule, which I can
39 discuss with my friend perhaps offline in conjunction with interim -- some interim
40 protections as well as certainly an -- an open ended discussion about whether the exit from
41 the bank could be done in an -- in a -- in a orderly fashion or not. Certainly, the -- the bank

1 at -- at some point may be forced to come back before the Court either because we can't
2 resolve matters or there are other emergent issues that -- that cause us additional concern.

3
4 But all of that to say, and I apologize for the rambling, perhaps I should go away with my
5 friend, we could have a discussion offline and attempt to resolve -- to work backwards,
6 which is we will pick a day to agree on a litigation schedule and agree on some interim
7 protections that are acceptable to all of us. That is off the top of my head.

8
9 THE COURT: All right. Mr. Chimuk, what do you think about
10 that idea? It seems to be fairly reasonable, in my view.

11
12 THE COURT CLERK: You're muted, sir. I'll just unmute you here.
13 There you go.

14
15 MR. CHIMUK: Oh, am I -- am I good? Okay.

16
17 THE COURT: There we are. That's better.

18
19 MR. CHIMUK: Okay. Awesome. Yeah, I'm -- I'm agreeable to
20 that. What I think probably makes the most sense is that we -- we adjourn the matter sine
21 die but with -- with the -- and we have no problem entering into a consent order along the
22 lines of what's contained in our affidavit with respect to the ongoing disclosure. And,
23 further, I'll work with my friend and we're agreeable that if there -- if there are issues with
24 respect to the disclosure or if there are issues at some point where it just looks like we're
25 -- we're not going to be able to have a workable solution here, then we'd put the matter
26 back on the list and we -- we argue it and then offline myself and my friend can -- can
27 discuss (a) what that mediated resolution is going to look like. I'm -- I'm prepared to
28 recommend to my client the Court's suggestion, which is that me meet with Mr.
29 Konowalchuk, you know, and Mr. Oliver and RBC and -- and get us together in a room, I
30 think that's a great idea, and that we can work on that. And then if that doesn't work out or
31 if it doesn't look like that's going to be successful, then myself and Mr. Oliver can work on
32 a litigation plan, and, again, I don't -- I don't think that litigation plan necessarily needs to
33 be lengthy, cross-examination --

34
35 THE COURT: Well, I think you probably want to get some kind
36 of litigation plan in place right away, Mr. Chimuk. It wouldn't have to take much, but you
37 should set out things because I think, with the RBC's concerns, you should have an outline
38 so that, you know, if you work things out, which would be reasonable and hopeful, which
39 will involve, it sounds like, alternate financing, but you've already started down that road
40 so you might be able to do something there, but you have a backup plan and I'd prefer to
41 have something, some deadlines. And, listen, I'm prepared to vet any consent order that

1 you come to.

2
3 So if you can work something out immediately here with Mr. Oliver, you can send it to
4 me, if it's consented to, I can then -- because I'm familiar, having read through the amount
5 of material you've managed to produce in a little bit of time. Anyways, since I'm familiar
6 with that, then I can easily deal with that order without having somebody else have to
7 review all of this in the interim. And then if you have to come back, you can set it down
8 on the Edmonton list, it's a very good idea of Mr. Oliver's to, and then you could have a
9 more fulsome argument, but at least your facts should be narrowed down by then. Right
10 now, there's just too much contradiction on the record to feel confident about what to do
11 here.

12
13 All right. So back to Mr. Oliver, then. Do you want to adjourn this sine die? Do you want
14 to, on these conditions, as Mr. Chimuk has said, or would you like to set a date? I can't
15 really give you a date because I don't know a date, but.

16
17 MR. OLIVER: My -- My Lady, I think I'm -- I'm comfortable
18 with a sine die adjournment as long as it -- it is clear that -- that we're -- we're not prevented
19 from getting this matter on sort of at our own -- at our own request if we -- if we deem it
20 necessary to do so. If that's acceptable, then -- then I'm okay with that.

21
22 THE COURT: All right. Okay. Good. Then that's the way I'll
23 leave it. Then I would appreciate if you and Mr. Chimuk work immediately towards getting
24 a consent order sort of put together here of this adjournment, which will be sine die, and
25 on the conditions that there'll be, you know, a disclosure as sort of set out by Mr. Chimuk's
26 client in the affidavit, and perhaps even more than that because what I've suggested is that
27 you have an agreed intervention of a potential receiver, if necessary, to try to help sort out
28 some of these issues. It could be that many of the issues that RBC raised in its affidavit,
29 for instance, can be answered, maybe not, maybe getting the help of a third party would be
30 useful, et cetera.

31
32 Okay. So I'll look. If you need to get an order to me, send it either to the commercial
33 coordinator or to my assistant, Maria Mancia. Maybe through the commercial coordinator
34 is easier so that he is kept abreast, and we try to work together constantly to make sure that
35 everybody's on the same page of what's going on. And he might be booking the Edmonton
36 matters now, too. There's been so many changes in our courthouse, I can't even keep up.

37
38 MR. OLIVER: I think you're right, I -- I think he is, yes.

39
40 THE COURT: Yes. I think he's actually booking for Edmonton,
41 too, which makes a lot of sense, although, it's a lot of work for him, he's a little bit

1 overwhelmed. Anyways, aren't we all? All right. Good. Then that's what we'll do. So
2 I'll adjourn it for the record.

3
4 Madam clerk, sine die on the conditions that we've discussed.

5
6 THE COURT CLERK: Thank you.

7
8 MR. CHIMUK: Just with -- with respect to costs of -- of today's
9 application, normally, I wouldn't be asking for costs with respect to adjournments and that
10 sort of thing, but we did send a with prejudice communication to my friend yesterday
11 essentially including -- it's -- it's the offer that's included in the affidavit that we submitted.
12 We've been in contact with him, we immediately advised him this morning we thought an
13 adjournment was necessary. My client's been trying to work with -- with RBC, and I don't
14 think this is on my friend here, but, you know, RBC has been taking an extremely
15 aggressive position with respect to this of -- of not working with us and -- and not being
16 prepared to sit down and have a discussion and have reasonable disclosure. You know,
17 this has resulted in us, as Madam Justice rightly anticipated, you know, scrambling at the
18 last minute, you know, working through lunch, yada, yada, yada. I'm not complaining
19 about it, but what I am complaining about is -- is that I -- I don't think that that's the type
20 of conduct that should necessarily be endorsed by the Court and I think that if a party wants
21 to play hardball like that, particularly in a delicate matter that we're talking about an
22 essential service that, yeah, has, you know, a hundred employees or -- or whatever the
23 number is that we're talking about potentially putting out of business. I think there should
24 be a costs award in the circumstances.

25
26 THE COURT: Mr. Chimuk, it's too difficult for me to tell you
27 whether RBC's concerns are valid or not because there's contradictory evidence, so I'm
28 going to say that the costs will be reserved for today. If you come back and you argue the
29 application, you can then argue the costs should have been awarded today. And I'll leave
30 it to the person who ultimately sees a little more light at the end of the tunnel in terms of
31 what is going on here. All right? But I hear your remarks and they're on the record, but
32 I'll reserve costs for today. Okay?

33
34 MR. CHIMUK: Thank you.

35
36 THE COURT: All right. Thank you very much, both of you,
37 and thank you, Mr. Oliver, for asking us to find you more time because that was important
38 as it turns out, even though we're dealing mainly with an adjournment application,
39 nonetheless, those all by themselves take time so I appreciate that.

40
41 MR. OLIVER: Thank you.

1
2 THE COURT: All right, gentlemen. Well, good luck and I hope
3 that it will make some headway to help this company through some troublesome times that
4 it's having. All right.

5
6 MR. OLIVER: Thank you.

7
8 MR. CHIMUK: Thank you.

9
10 THE COURT: Thank you, madam clerk.

11
12 THE COURT CLERK: Thank you.

13
14
15
16 PROCEEDINGS ADJOURNED

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1 **Certificate of Record**

2
3 I, Lori Blenkinsop, certify that this recording is the record made of the evidence in the
4 proceedings, held in the Court of Queen's Bench, in Calgary, Alberta, courtroom 1104, on
5 February 25th, 2021, and that I was the court official in charge of the sound-recording machine
6 during the proceedings.
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1 **Certificate of Transcript**

2
3 I, Carla Novello, certify that

4
5 (a) I transcribed the record, which was recorded by a sound-recording machine, to the best of
6 my skill and ability and the foregoing pages are a complete and accurate transcript of the
7 contents of the record, and

8
9 (b) the Certificate of Record for these proceedings was included orally on the record and is
10 transcribed in this transcript.

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15 Pro-to-type Word Processing

16 Order: AL12715

17 Dated: April 14, 2021
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EXHIBIT "B"

From: Oliver, Jeffrey <joliver@cassels.com>

Sent: Tuesday, March 2, 2021 8:57 AM

To: Scott Chimuk <scchimuk@mcleod-law.com>; Davis, Kara N. <kdavis@cassels.com>

Cc: Kay, Richard <rkay@cassels.com>; Teri-lynn Sexsmith <TSexsmith@mcleod-law.com>; Randy Mitchell <rmitchell@mcleod-law.com>

Subject: RE: People Express Transport Limited [IWOV-LEGAL.033337-00817]

Thank you. Please let me know as soon as you have instructions. As per my voicemail, if we can't settle upon an agreement with respect to monitoring by the end of the day, RBC will cease extending credit on the revolving line of credit and the Visas. I am mostly open during the day to deal with this.

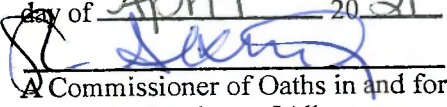
Cassels

JEFFREY OLIVER (he/him/his)

t: +1 403 351 2921

e: joliver@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, AB T2P 5C5 Canada
Services provided through a professional corporation

THIS IS EXHIBIT " B "
Referred to in the Affidavit of
Champroet Bar
Sworn before me this 19
day of April 20 21

A Commissioner of Oaths in and for
the Province of Alberta

TERI-LYNN SEXSMITH
A Commissioner for Oaths
in and for Alberta
My Commission Expires on Dec. 7, 20 22

EXHIBIT "C"

From: Marechal, Danielle <dmarechal@cassels.com>
Sent: Wednesday, March 10, 2021 5:22 PM
To: Scott Chimuk <scchimuk@mcleod-law.com>
Subject: RBC/PETL [IWOV-LEGAL.033337-00817]

Scott.

Further to our call this afternoon, we reiterate that it is RBC's expectation that PETL make best efforts to comply with the delivery of the information and documents outlined in the attached preliminary diligence and documentation request (the "Phase I Documents") on the timelines set out therein. To the extent that some of the Phase I Documents cannot be provided on the timelines set out in the attached, we will seek instructions from RBC at that time with respect to how to proceed. In the event that PETL fails to deliver the Phase I Documents in accordance with the attached schedule and/or prior to March 18, 2021, RBC reserves the right to argue that there has been a default under the Forbearance Agreement.

We trust that PETL will prioritize the collection of Phase I Documents accordingly and look forward to A&M's receipt of same.

Kind regards,

Cassels

DANIELLE MARECHAL

t: +1 403 351 2922
e: dmarechal@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, AB T2P 5C5 Canada

TERI-LYNN SEXSMITH
A Commissioner for Oaths
in and for Alberta

My Commission Expires on Dec. 7, 2020

THIS IS EXHIBIT " C "
Referred to in the Affidavit of
Charanpreet Brar
Sworn before me this 19
day of April 2021
[Signature]
A Commissioner of Oaths in and for
the Province of Alberta

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People Express Transport Ltd.
Preliminary Diligence and Documentation Request
Alvarez & Marsal Canada ULC
March 10, 2021

Information and Documentation	Priority	Date to be Delivered to A&M	Individual(s) Responsible	Provided?	Date Provided	Quality	A&M Comments
PHASE 1							
(I) Monthly Borrowing Limit Certificate ("MBLC") - supporting documentation							
Supporting documentation, schedules and financial information with respect to all reported figures included in the MBLCs provided by the Company to RBC for the months ended September 30, 2020 through and including January 31, 2021.	A	March 12, 2021					
Detailed listing <u>in excel</u> of aged accounts receivable (to the invoice level) and holdback accounts receivable including details of any disputed amounts and/or provisions for doubtful accounts.	A	March 12, 2021					
Detailed listing <u>in excel</u> of accounts payable by entity (to the invoice level) with the following information for each creditor: - amount outstanding; - details of potential or asserted lien (including garage keeper liens) and/or trust claims; - identification of any amounts due to related parties or non-arm's length entities; - a summary of any amounts owed to Canada Revenue Agency in respect of unremitted payroll source deductions and GST; and - details of any contingent liabilities	A	March 12, 2021					
If applicable, listing of all inventory, including: description, location, original cost, estimated fair market value, <u>copies of any recent appraisals</u> or other indications of value.	C	March 16, 2021					
(II) Priority Payables							
Most recent statements of account from CRA for GST, corporate taxes and payroll deductions. Additionally, most recent statements for any provincial/state jurisdictions outside of Alberta (i.e.. HST, PST).	A	March 12, 2021					
Copies of most recent corporate tax returns.	C	March 16, 2021					
If applicable, a schedule of employee pension plans, funded status, accrued obligations and funding requirements.	B	March 15, 2021					
Copies of most recent Workers Compensation Board ("WCB") balances.	A	March 12, 2021					
Schedule of rent obligations by location, copies of all leases, listing of any amounts outstanding with regard to leasing facility/land (overdue rent), and evidence of payment last three months of rental payments.	A	March 12, 2021					
Listing of any other accrued liabilities (federal trust claims, liens and other priority amounts) including description, amount and basis of calculation.	B	March 15, 2021					
(III) Employee Payroll							
Copies of all recent and historical notice of assessments or any other notices from CRA with respect to source deductions (EI, CPP, incomes taxes, etc.).	A	March 12, 2021					
Copies of all payroll reports (for September 2020 to current) for employees/contractors and evidence of corresponding remittances made to CRA for each payroll period. Need to see evidence that each payroll cheque has cleared the bank.	A	March 12, 2021					

List of all employees and contractors including: - Name and address; - position/title; - employer entity; - location of work; - salary/wage and benefits; - hiring date; and - if applicable, independent contractor agreements	B	March 15, 2021					
(IV) Fixed Assets							
Listing of all equipment broken down by major category and showing owned vs. leased, including: - Description; - Location (province/state, jurisdiction, terminal, division); - Original cost; - Estimated fair market value; - Equipment finance or lease arrangement including principal outstanding; and - Copies of any recent appraisals or other indications of value.	B	March 15, 2021					
Current GPS tracking report identifying current location of units with GPS devices.	B	March 15, 2021					
Listing of parts inventory, including: - Description; - Location; - Original cost; - Estimated fair market value; and - Copies of any recent appraisals or other indications of value.	C	March 16, 2021					
Details of intercompany accounts including related party and intercompany guarantees, if any (name, amount, nature of debts).	C	March 16, 2021					
Details of any investments and/or government subsidies.	C	March 16, 2021					
Documentation of any outstanding liens that have been filed against any of the Company assets.	A	March 12, 2021					
(V) Short-Term Liquidity							
Short-term cash flow forecast to March 31, 2021 that will show the Company's forecast cash receipt collections and forecast disbursements required to operate the Company over the next month.	C	March 16, 2021					
Bank reconciliation for opening cash that supports the opening cash balance in the short term cash flow forecast.	C	March 16, 2021					
Bank reconciliations for September 2020 through January 2021.	A	March 12, 2021					

EXHIBIT "D"

Teri-lynn Sexsmith

From: Riglin, Cassie <criglin@alvarezandmarsal.com>
Sent: Monday, March 15, 2021 11:30 AM
To: Scott Chimuk; Konowalchuk, Orest; Ranjeet Khurana; tanya@peoplexpress.ca; Gurbaj@peoplexpress.ca; Charanpreet Brar
Cc: Marechal, Danielle; Oliver, Jeffrey; Krol, Bryan; Arnold Masson (arnold.masson@rbc.com)
Subject: RE: Information Request List
Attachments: People Express Transport Ltd. - IRL Draft (AM update March 13 2021)v2.xlsx

Scott,

Thank you to the management team for sending over the documents they were able to gather for Friday, much appreciated.

We have reviewed that was sent and I have attached an updated information request list documenting what has been received to date. You will note that we do require more supporting information on some of the "A" items as outlined in the attached.

Management is welcome to reach out to our team directly if further clarity is required on what we are looking for.

Regards,
Cassie

Cassie Riglin, CPA, CA, CIRP, LIT
Senior Director

Alvarez & Marsal Canada ULC
Suite 1110, 250 6th Ave SW
Calgary, AB T2P 3H7
Email: criglin@alvarezandmarsal.com
Direct: 403-538-7519
Mobile: 587-439-9913
www.alvarezandmarsal.com

Alvarez & Marsal employs CPAs but is not a licensed CPA firm

THIS IS EXHIBIT " D "
Referred to in the Affidavit of
Charanpreet Brar
Sworn before me this 19
day of April 2021
[Signature]
A Commissioner of Oaths in and for
the Province of Alberta

TERI-LYNN SEXSMITH
A Commissioner for Oaths
in and for Alberta
My Commission Expires on Dec. 7, 2022

From: Scott Chimuk <scchimuk@mcleod-law.com>
Sent: Friday, March 12, 2021 9:27 AM
To: Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>; Ranjeet Khurana <RKhurana@peoplexpress.ca>; tanya@peoplexpress.ca; Gurbaj@peoplexpress.ca; Charanpreet Brar <Preet@peoplexpress.ca>
Cc: Marechal, Danielle <dmarechal@cassels.com>; Oliver, Jeffrey <joliver@cassels.com>; Riglin, Cassie <criglin@alvarezandmarsal.com>; Krol, Bryan <bkrol@alvarezandmarsal.com>; Arnold Masson (arnold.masson@rbc.com) <arnold.masson@rbc.com>
Subject: Re: Information Request List

[EXTERNAL EMAIL]

Hi Orest

As I indicated in our call that concluded at the end of the business day on Wednesday which was the first opportunity we had to discuss your disclosure request that we only received earlier that afternoon - Peoples is fully committed to trying to accommodate this request and that we would get back to you as soon as we had a chance to actually start working in your request. At present we have had one full business day to do so.

As I indicated earlier I am out of the office today and only sporadically available. That being said the Peoples team is doing its best to accommodate your request despite the incredibly short notice.

We will keep you updated.

Regards

Scott

On: 12 March 2021 09:17,
"Konowalchuk, Orest" <okonowalchuk@alvarezandmarsal.com> wrote:

Good morning Scott and the People management team,

I am following up on the below email and our 'all hands-on call' this past Wednesday at 3:30pm, where we introduced our collective selves and discussed engagement matters, including our (attached) Information Request List ("IRL"), in particular the priority items. As a reminder, we had ask that the "A" priority items be made available on or before today and, although we have not seen anything come through to us yet, we do wish to remind all that we respectfully require the "A" items today and encourage management to send over any information that becomes available by piecemeal.

Obtaining the information on our IRL in a timely manner is critical to allow A&M to carry out its mandate. We understand that management is busy in its operations and obtaining refinancing; however, given the agreed upon forbearance agreement (F.A.) between the Company and RBC and the executed A&M engagement letter by all parties (that is tied to the F.A.), we understand that the refinancing efforts and our engagement should be handled "dual track".

We are standing by available. If there is anything you need from A&M, please let us know. As we also discussed, although it did not appear that management could make themselves available for an initial one-on-one call with A&M (which is typical in these types of engagement and crucial for us to understand the status of the Company), A&M remains available at anytime to have such a call. We are not suggesting a one to two hour call; however, an initial 15-30 minute will suffice to start.

Thank you again and look forward to hearing from you shortly on the above and overall update on matters.

Kind regards,
Orest

Orest Konowalchuk, CPA, CA, CIRP, LIT
Managing Director

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From: Riglin, Cassie <criglin@alvarezandmarsal.com>
Sent: Wednesday, March 10, 2021 12:56 PM
To: Scott Chimuk <scchimuk@mcleod-law.com>
Cc: Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>; Krol, Bryan <bkrol@alvarezandmarsal.com>; Marechal, Danielle <dmarechal@cassels.com>
Subject: Information Request List

Scott,

In anticipation of our call, please find attached a draft of our initial request list. We have tried to prioritize items as best we could, but given the short time frame we are working under the requested deadlines are still quite condensed. We are hopeful that the majority of our requests are actually readily available and easily provided.

We can discuss the list further on our call this afternoon.

Regards,
Cassie

Cassie Riglin, CPA, CA, CIRP, LIT
Senior Director

Alvarez & Marsal Canada ULC
Suite 1110, 250 6th Ave SW
Calgary, AB T2P 3H7
Email: criglin@alvarezandmarsal.com
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People Express Transport Ltd.
Preliminary Diligence and Documentation Request
Alvarez & Marsal Canada ULC
March 10, 2021
Updated: March 13, 2021

Information and Documentation	Priority	Date to be Delivered to A&M	Individual(s) Responsible	Provided?	A&M Comments
PHASE 1					
(I) Monthly Borrowing Limit Certificate ("MBLC") - supporting documentation					
Supporting documentation, schedules and financial information with respect to all reported figures included in the MBLCs provided by the Company to RBC for the months ended September 30, 2020 through and including January 31, 2021.	A	March 12, 2021		Yes	Margining report for September 2020 through to January 2021 have been provided
Detailed listing <u>in excel</u> of aged accounts receivable (to the invoice level) and holdback accounts receivable including details of any disputed amounts and/or provisions for doubtful accounts.	A	March 12, 2021		Partly	-Excel listing of AR by invoice level at January 31, 2021. -require any documentation on holdbacks, disputed and/or provision listing provided. - require detailed AR listing by invoice level for each borrowing base period (September 2020 to December 31, 2020)
Detailed listing <u>in excel</u> of accounts payable by entity (to the invoice level) with the following information for each creditor: - amount outstanding; - details of potential or asserted lien (including garage keeper liens) and/or trust claims; - identification of any amounts due to related parties or non-arm's length entities; - a summary of any amounts owed to Canada Revenue Agency in respect of unremitted payroll source deductions and GST; and - details of any contingent liabilities	A	March 12, 2021		Partly	-Excel listing of AP by entity -require AP listing broken down at invoice level. -Require any documentation or status of current or potential liens. -require information regarding any related party transaction / non-arms length
If applicable, listing of all inventory, including: description, location, original cost, estimated fair market value, <u>copies of any recent appraisals or other indications of value.</u>	C	March 16, 2021			
(II) Priority Payables					
Most recent statements of account from CRA for GST, corporate taxes and payroll deductions. Additionally, most recent statements for any provincial/state jurisdictions outside of Alberta (i.e.. HST, PST).	A	March 12, 2021		Yes	-CRA screenshot provided showing account balance. -Alberta corporate tax account balance provided -require any information pertaining to HST/PST, if applicable
Copies of most recent corporate tax returns.	C	March 16, 2021			
If applicable, a schedule of employee pension plans, funded status, accrued obligations and funding requirements.	B	March 15, 2021			
Copies of most recent Workers Compensation Board ("WCB") balances.	A	March 12, 2021		No	

Schedule of rent obligations by location, copies of all leases, listing of any amounts outstanding with regard to leasing facility/land (overdue rent), and evidence of payment last three months of rental payments.	A	March 12, 2021		No	-Yard lease agreement provided -require proof of payment of rent -require rent/lease schedule and outstanding amounts, if applicable -require listing of rent obligations by location
Listing of any other accrued liabilities (federal trust claims, liens and other priority amounts) including description, amount and basis of calculation.	B	March 15, 2021			
(III) Employee Payroll					
Copies of all recent and historical notice of assessments or any other notices from CRA with respect to source deductions (EI, CPP, incomes taxes, etc.).	A	March 12, 2021		Yes	-screen shots CRA payroll account provided
Copies of all payroll reports (for September 2020 to current) for employees/contractors and evidence of corresponding remittances made to CRA for each payroll period. Need to see evidence that each payroll cheque has cleared the bank.	A	March 12, 2021		Partly	-excel documents provided showing payment runs and cheque register -require reconciliation to bank/CRA for employee payment and remittances -require payroll reports that shows gross and net payroll obligations per pay period, inclusive of payroll remittances (third party report, if applicable).
List of all employees and contractors including: - Name and address; - position/title; - employer entity; - location of work; - salary/wage and benefits; - hiring date; and - if applicable, independent contractor agreements	B	March 15, 2021			
(IV) Fixed Assets					
Listing of all equipment broken down by major category and showing owned vs. leased, including: - Description; - Location (province/state, jurisdiction, terminal, division); - Original cost; - Estimated fair market value; - Equipment finance or lease arrangement including principal outstanding; and - Copies of any recent appraisals or other indications of value.	B	March 15, 2021			
Current GPS tracking report identifying current location of units with GPS devices.	B	March 15, 2021			
Listing of parts inventory, including: - Description; - Location; - Original cost; - Estimated fair market value; and Copies of any recent appraisals or other indications of value.	C	March 16, 2021			
Details of intercompany accounts including related party and intercompany guarantees, if any (name, amount, nature of debts).	C	March 16, 2021			

Details of any investments and/or government subsidies.	C	March 16, 2021			
Documentation of any outstanding liens that have been filed against any of the Company assets.	A	March 12, 2021		No	
(V) Short-Term Liquidity					
Short-term cash flow forecast to March 31, 2021 that will show the Company's forecast cash receipt collections and forecast disbursements required to operate the Company over the next month.	C	March 16, 2021			
Bank reconciliation for opening cash that supports the opening cash balance in the short term cash flow forecast.	C	March 16, 2021			
Bank reconciliations for September 2020 through January 2021.	A	March 12, 2021		Partly	-system generated bank recs provided -require bank statements, at transaction level, from September 2020 through to January 2021 for support

EXHIBIT "E"

This is Exhibit "E" referred to in the Affidavit of Charanpreet Brar sworn the 14th day of April, 2021.

Melanie Bowman, Student-at-Law
Notary Public, Commissioner for Oaths
for Alberta

From: Riglin, Cassie <criglin@alvarezandmarsal.com>
Sent: Monday, April 5, 2021 4:14 PM
To: Scott Chimuk <scchimuk@mcleod-law.com>; Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>; Danielle Marechal (dmarechal@casselsbrock.com) <dmarechal@casselsbrock.com>; Oliver, Jeffrey <joliver@cassels.com>
Cc: Teri-lynn Sexsmith <TSexsmith@mcleod-law.com>; Krol, Bryan <bkrol@alvarezandmarsal.com>
Subject: Re: Peoples Express Sources and Uses 03-31-21.xlsx

Scott,

I can confirm we have sufficient information for today's deadline. We will reach out if we require anything further upon our more detailed review.

Regards,
Cassie

Cassie Riglin CPA, CA, CIRP, LIT
Alvarez & Marsal Canada ULC

Direct: 403-538-7519
Cell: 587-439-9913

THIS IS EXHIBIT " E " "
Referred to in the Affidavit of
Charanpreet Brar
Sworn before me this 19
day of April 2021
A Commissioner of Oaths in and for
the Province of Alberta

TERI-LYNN SEXSMITH
A Commissioner for Oaths
in and for Alberta
My Commission Expires on Dec. 7, 2020

From: Scott Chimuk <scchimuk@mcleod-law.com>
Sent: Monday, April 5, 2021 2:48:24 PM
To: Riglin, Cassie <criglin@alvarezandmarsal.com>; Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>; Danielle Marechal (dmarechal@casselsbrock.com) <dmarechal@casselsbrock.com>; Oliver, Jeffrey <joliver@cassels.com>
Cc: Teri-lynn Sexsmith <TSexsmith@mcleod-law.com>; Krol, Bryan <bkrol@alvarezandmarsal.com>
Subject: RE: Peoples Express Sources and Uses 03-31-21.xlsx

EXTERNAL EMAIL

Cassie,

I have spoken to my client and the information that they provided is the best information they have on payroll using their Axon accounting and dispatch software. As such I am writing to confirm that we have now sent you all of the documents that you require further to Thursday's document request.

Regards,

Scott C. Chimuk | Partner

 **McLEOD**
LAW

McLeod Law LLP | [Web](#) | [Bio](#)

Direct 403 873 3756 | **Main** 403 278 9411 | **Fax** 403 271 1769

300, 14505 Bannister Road SE, Calgary AB, T2X 3J3

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From: Riglin, Cassie <criglin@alvarezandmarsal.com>

Sent: Monday, April 5, 2021 11:57 AM

To: Scott Chimuk <scchimuk@mcleod-law.com>; Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>; Danielle Marechal (dmarechal@casselsbrock.com) <dmarechal@casselsbrock.com>; Oliver, Jeffrey <joliver@cassels.com>

Cc: Teri-lynn Sexsmith <TSexsmith@mcleod-law.com>; Krol, Bryan <bkrol@alvarezandmarsal.com>

Subject: Re: Peoples Express Sources and Uses 03-31-21.xlsx

Scott,

That is correct, but we do not have any files that contain mileage/hours for the entire fleet.

Thanks,

Cassie

Cassie Riglin CPA, CA, CIRP, LIT
Alvarez & Marsal Canada ULC

Direct: 403-538-7519

Cell: 587-439-9913

From: Scott Chimuk <scchimuk@mcleod-law.com>

Sent: Monday, April 5, 2021 11:52:15 AM

To: Riglin, Cassie <criglin@alvarezandmarsal.com>; Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>; Danielle Marechal (dmarechal@casselsbrock.com) <dmarechal@casselsbrock.com>; Oliver, Jeffrey <joliver@cassels.com>

Cc: Teri-lynn Sexsmith <TSexsmith@mcleod-law.com>; Krol, Bryan <bkrol@alvarezandmarsal.com>

Subject: RE: Peoples Express Sources and Uses 03-31-21.xlsx

[EXTERNAL EMAIL]

Cassie,

The asset list for trucks and trailers is the current location of all units - not just RBC.

Regards,

Scott C. Chimuk | Partner



McLeod Law LLP | [Web](#) | [Bio](#)

Direct 403 873 3756 | **Main** 403 278 9411 | **Fax** 403 271 1769

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From: Riglin, Cassie <criglin@alvarezandmarsal.com>

Sent: Monday, April 5, 2021 11:38 AM

To: Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>; Scott Chimuk <scchimuk@mcleod-law.com>; Danielle Marechal <dmarechal@casselsbrock.com> <dmarechal@casselsbrock.com>; Oliver, Jeffrey <joliver@cassels.com>

Cc: Teri-lynn Sexsmith <TSexsmith@mcleod-law.com>; Krol, Bryan <bkrol@alvarezandmarsal.com>

Subject: RE: Peoples Express Sources and Uses 03-31-21.xlsx

Scott,

We have received from E Capital a listing of all the RBC leased trucks and trailers that included make, model, VIN, mileage information, status, etc., but we need to see this information for the entire fleet of assets not just the RBC leased vehicles.

Additionally on the payroll side of things, we have been provided by People Express a listing of all employees and evidence of the payroll remittances being made to CRA, but we still have not seen actual payroll reports showing the gross and net payroll obligations for each pay period in the past 6 months. Ideally we would see each payroll report, the supporting workbook generating the payroll based on employees hours submitted, the corresponding cheques being issued to the employees and clearing the bank account, and the corresponding payroll remittance to the CRA.

Can you have People Express provide these further items as soon as possible?

Regards,
Cassie

Cassie Riglin
Senior Director
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ALVAREZ & MARSAL

“BEFORE THE ACTION, RESULTS”

From: Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>
Sent: Monday, April 05, 2021 11:26 AM
To: Scott Chimuk <scchimuk@mcleod-law.com>; Danielle Marechal (dmarechal@casselsbrock.com) <dmarechal@casselsbrock.com>; Oliver, Jeffrey <joliver@cassels.com>
Cc: Teri-lynn Sexsmith <TSexsmith@mcleod-law.com>; Riglin, Cassie <criglin@alvarezandmarsal.com>; Krol, Bryan <bkrol@alvarezandmarsal.com>
Subject: RE: Peoples Express Sources and Uses 03-31-21.xlsx

Scott,

Thanks for the note. We have looked at the information (still going through it) that was sent by the Company/E Capital last Thursday end of day and today. There are a couple of additional items to the abbreviated information request list we sent on Thursday that are still outstanding and Cassie from our side will send this out very shortly.

Orest

From: Scott Chimuk <scchimuk@mcleod-law.com>
Sent: Monday, April 05, 2021 11:19 AM
To: Danielle Marechal (dmarechal@casselsbrock.com) <dmarechal@casselsbrock.com>; Oliver, Jeffrey <joliver@cassels.com>; Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>
Cc: Teri-lynn Sexsmith <TSexsmith@mcleod-law.com>
Subject: FW: Peoples Express Sources and Uses 03-31-21.xlsx
Importance: High

[EXTERNAL EMAIL]

Danielle/Jeff/Orest,

From my review of all of the correspondence my client has provided Orest with all of the information that was sought for today's deadline. From my review and my client's review everything is now complete for today's deadline. Orest please confirm.

Regards,

Scott C. Chimuk | Partner



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From: Michael Caven <Michael.Caven@ecapital.com>

Sent: Monday, April 5, 2021 11:05 AM

To: Riglin, Cassie <criglin@alvarezandmarsal.com>; James Poston <James.Poston@ecapital.com>; Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>

Cc: Scott Chimuk <scchimuk@mcleod-law.com>; Tasha Norman <Tasha.Norman@ecapital.com>; Krol, Bryan <bkrol@alvarezandmarsal.com>

Subject: RE: Peoples Express Sources and Uses 03-31-21.xlsx

Hello Cassie,

Please see attached spreadsheet containing RBC leased truck kilometers as of March 22, 2021.

Michael Caven

Director of Sales

705-719-5993 866-531-2615 ext. 4216

Michael.Caven@ecapital.com



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