Clerk's Stamp:

JUDICIAL CENTRE OF EDMONTON
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Clerk of the Court

COURT FILE NUMBER	2003-03284
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	**ROYAL BANK OF CANADA**
DEFENDANTS	**COPPERLINE EXCAVATING LTD., 1496986 ALBERTA LTD., SPRUCE CREEK CONTRACTING LTD., JAMIE BLACK and LORI BLACK**
DOCUMENT	**STATEMENT OF CLAIM**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Dean A. Hitesman Dentons Canada LLP 2500 Stantec Tower 10220 – 103 Avenue Edmonton, Alberta T5J 0K4 Ph. (780) 423-7284 Fx. (780) 423-7276 File No.: 125665-8936/DAH

NOTICE TO DEFENDANTS

You are being sued. You are a defendant.

Go to the end of this document to see what you can do and when you must do it.

Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

1. The Plaintiff, Royal Bank of Canada ("**RBC**"), is a Bank chartered pursuant to the Laws of Canada with offices in Edmonton and elsewhere throughout Alberta.

2. The Defendants, Copperline Excavating Ltd. ("**Copperline**"), 1496986 Alberta Ltd. ("**149**"), Spruce Creek Contracting Ltd. ("**Spruce Creek**"), Jamie Black ("**Jamie**"), and Lori Black ("**Lori**") are customers and/or debtors of RBC. Copperline, 149, and Spruce Creek are corporations incorporated pursuant to the laws of the Province of Alberta and each with its registered office located in Spruce Grove, Alberta. To the best of RBC's knowledge Jamie and Lori reside in Edmonton, Alberta.

3. RBC provided loans and/or other credit to Copperline. Each of 149, Spruce Creek, and Jamie have guaranteed the indebtedness of Copperline to RBC.

<u>COPPERLINE'S DIRECT INDEBTEDNESS</u>

4. Copperline borrowed money from RBC which it agreed to repay to RBC with interest. As a result of such borrowing, Copperline is directly indebted to RBC as follows:

(a) Various VISA Business Credit Card Facilities - total aggregate outstanding balance as at February 10, 2020 of $64,510.42 plus interest thereon and thereafter at 19.99%;

(b) Revolving Credit Line – Account No. 49103344-001 – outstanding balance as at February 10, 2020 of $1,568,901.37 plus interest thereon and thereafter at the rate of 2.45% per annum above the prime rate of interest maintained by RBC from time to time ("**Prime**");

(c) Demand Loan – Account No. 04993-76155993-001 – outstanding balance as at February 10, 2020 of $10,375.45 plus interest thereon and thereafter at the rate of 4.99% per annum above the Prime;

(d) Demand Loan – Account No. 04993-76156058-001 – outstanding balance as at February 10, 2020 of $9,631.13 plus interest thereon and thereafter at the rate of 4.99% per annum above the Prime;

(e) Revolving Lease Line – outstanding balance as at February 10, 2020 of $280,187.71;

(f) Lease Facility – outstanding balance as at February 10, 2020 of $76,804.11;

(g) Auto Finance Term Loan – outstanding balance as at February 10, 2020 of $11,485.40;

(h) Auto Finance Term Loan – outstanding balance as at February 10, 2020 of $10,661.44;

(i) any additional credit extended or advanced by RBC to Copperline in the absolute discretion of RBC from and after February 10, 2020 plus interest thereon; and

(j) costs on a solicitor and own client basis,

(all sums payable to RBC in paragraphs (a) – (j) above are herein collectively referred to as the "**Direct Indebtedness**").

THE GUARANTEES

5. On or about September 3, 2015, 149 granted to RBC a Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Copperline to RBC limited to $4,075,000.00, plus interest from demand at the rate of 5.00% per annum above Prime, plus costs on a solicitor and own client basis (the "**149 Guarantee**").

6. 149 is indebted to RBC for the Direct Indebtedness pursuant to the 149 Guarantee (the "**149 Guaranteed Indebtedness**").

7. On or about September 3, 2015, Spruce Creek granted to RBC a Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Copperline to RBC limited to $4,075,000.00, plus interest from demand at the rate of 5.00% per annum above Prime, plus costs on a solicitor and own client basis (the "**Spruce Creek Guarantee**").

8. Spruce Creek is indebted to RBC for the Direct Indebtedness pursuant to the Spruce Creek Guarantee (the "**Spruce Creek Guaranteed Indebtedness**").

9. On or about November 5, 2019, Jamie granted to RBC a Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Copperline to RBC limited to $200,000.00, plus interest from demand at the rate of 5.00% per annum above Prime, plus costs on a solicitor and own client basis (the "**First Jamie Guarantee**").

10. On or about September 4, 2015, Jamie granted to RBC a Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Copperline to RBC limited to $500,000.00, plus interest from demand at the rate of 5.00% per annum above Prime, plus costs on a solicitor and own client basis (the "**Second Jamie Guarantee**").

11. On or about January 5, 2012, Jamie granted to RBC a Guarantee and Postponement of Claim guaranteeing to RBC all of the indebtedness of Copperline to RBC limited to $1,000,000.00, plus interest from demand at the rate of 5.00% per annum above Prime, plus costs on a solicitor and own client basis (the "**Third Jamie Guarantee**").

12. Jamie is indebted to RBC for the Direct Indebtedness pursuant to the First Jamie Guarantee, the Second Jamie Guarantee, and the Third Jamie Guarantee (the "**Jamie Guaranteed Indebtedness**").

<u>THE COPPERLINE SECURITY</u>

13. On or about January 4, 2012, Copperline granted to RBC a General Security Agreement (the "**Copperline GSA**") securing to RBC all of its present and after acquired property, including, without limitation, all accounts receivable, goods, equipment, inventory, intellectual property and the proceeds thereof. The Copperline GSA secures all of the Direct Indebtedness.

14. Default has been made in payment of the principal sum and payment of interest secured by the Copperline GSA. All sums secured by the Copperline GSA are due and owing.

15. RBC has perfected its security interests created by the Copperline GSA by registration in the Alberta Personal Property Registry.

<u>THE 149 SECURITY</u>

16. On or about September 9, 2015, 149 granted to BMO a General Security Agreement (the "**149 GSA**") securing to BMO all of its present and after acquired property, including, without limitation, all accounts receivable, goods, equipment, inventory, intellectual property and the proceeds thereof. The 149 GSA also grants BMO a mortgage by way of a floating charge over all of 149's present and after acquired real property. The 149 GSA secures all of the 149 Guaranteed Indebtedness. BMO has crystallized the floating charge.

17. Default has been made in payment of the principal sum and payment of interest secured by the 149 GSA. All sums secured by the 149 GSA are due and owing.

18. BMO has perfected its security interests created by the 149 GSA by registration in the Alberta Personal Property Registry.

<u>THE SPRUCE CREEK SECURITY</u>

19. On or about September 3, 2015, Spruce Creek granted to RBC a General Security Agreement (the "**Spruce Creek GSA**") securing to RBC all of its present and after acquired property, including, without limitation, all accounts receivable, goods, equipment, inventory, intellectual property and the proceeds thereof. The Spruce Creek GSA secures all of the Spruce Creek Guaranteed Indebtedness.

20. Default has been made in payment of the principal sum and payment of interest secured by the Spruce Creek GSA. All sums secured by the Spruce Creek GSA are due and owing.

21. RBC has perfected its security interests created by the Spruce Creek GSA by registration in the Alberta Personal Property Registry.

22. On or about March 12, 2018, Spruce Creek granted to RBC a Postponement and Assignment of Claim (the "**First Spruce Creek Assignment**") assigning, postponing, and subordinating any indebtedness of Copperline owed to Spruce Creek to RBC.

23. On or about October 9, 2014, Spruce Creek granted to RBC a Postponement and Assignment of Claim (the "**Second Spruce Creek Assignment**") assigning, postponing, and subordinating any indebtedness of Copperline owed to Spruce Creek to RBC.

24. RBC has perfected its security interest created by the First Spruce Creek Assignment and the Second Spruce Creek Assignment by registration in the Alberta Personal Property Registry.

OTHER SECURITY

25. On or about September 21, 2017, Jamie granted to RBC a Postponement and Assignment of Claim (the "**Jamie Assignment**") assigning, postponing, and subordinating any indebtedness of Copperline owed to Stuart to RBC.

26. On or about January 4, 2012, Lori granted to RBC a Postponement and Assignment of Claim (the "**Lori Assignment**") assigning, postponing, and subordinating any indebtedness of Copperline owed to Stuart to RBC.

27. RBC has perfected its security interest created by the Jamie Assignment and the Lori Assignment by registration in the Alberta Personal Property Registry.

THE PROPOSAL PROCEEDINGS

28. On or about January 29, 2020, Copperline filed a Notice of Intention to make a proposal pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*.

29. Default has been made in payment of the principal sums and interest owing pursuant to or secured by the terms of the 149 Guarantee, the Spruce Creek Guarantee, the First Jamie Guarantee, the Second Jamie Guarantee, the Third Jamie Guarantee, the Copperline GSA, the 149 GSA, the Spruce Creek GSA, the First Spruce Creek Assignment, the Second Spruce Creek Assignment, the Jamie Assignment, and the Lori Assignment.

30. By this Statement of Claim RBC does again demand payment in relation to all of the indebtedness, direct and guaranteed, referenced in this Statement of Claim.

31. RBC states that a dispute resolution process would not be beneficial and would not likely result in an agreement between the parties, or alternatively, there is a compelling reason why a dispute resolution process should not be attempted by the parties or in the alternative, engaging in a dispute resolution process would be futile.

Remedy sought:

32. An Order waiving the responsibilities of the parties to participate in a Dispute Resolution Process;

33. Judgment against the Defendants as follows:

    (a) As against Copperline Excavating Ltd. – $2,032,557.03 plus interest from and after February 10, 2020 at the rates set out in paragraph 4 above;

    (b) As against 1496986 Alberta Ltd. and Spruce Creek Contracting Ltd. – $2,032.557.03 plus interest from and after February 12, 2020 at a rate of Prime plus 5.00% per annum; and

(c) As against Jamie Black – $1,700,000.00 plus interest from and after February 12, 2020 at a rate of Prime plus 5.00% per annum;

or in such further and other amounts as this Honourable Court may direct.

34. Alternatively, interest on all sums due and owing to RBC pursuant to the *Judgment Interest Act*, RSA 2000, c J-1.

35. A declaration as to the amounts owed by the Defendants to RBC.

36. The appointment of a receiver or receiver and manager of the undertaking, property and assets of Copperline, 149, and Spruce Creek.

37. The appointment of an interim receiver of the undertaking, property and assets of Copperline, 149, and Spruce Creek.

38. In the alternative, such appointment or relief as may be necessary to ensure the preservation of the secured property.

39. An Order dispensing with any bond or other security that might otherwise be required to be posted by an interim receiver, receiver, receiver and manager or person tasked with the preservation of the undertaking, property and assets of Copperline, 149, and Spruce Creek.

40. An Order that no action at law or otherwise shall be taken or continued against the interim receiver, the receiver or the receiver and manager of Copperline, 149, and Spruce Creek.

41. A declaration that the security granted in favour of RBC may be enforced by the sale of the whole or any part of the property and any assets of each of Copperline, 149, and Spruce Creek.

42. Such further accounts and inquiries as may be necessary.

43. All legal costs or expenses incurred by or allowed to RBC including those as between a solicitor and own client basis, or such further and other basis as this Honourable Court may direct.

44. Such further and other relief as the nature of the case may require and this Honourable Court may deem just.

NOTICE TO THE DEFENDANTS

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at **Edmonton,** Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's(s)' address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.