

Future of turbine-maker in hands of Supreme Court

Wayne Thidodeau | The Guardian | July 30, 2009

<http://www.theguardian.pe.ca/index.cfm?sid=273725&sc=98>

The future of a financially troubled Island turbine-maker is now in the hands of a justice with the Supreme Court. Entegritty Wind Systems owes more than \$3 million to Mercantile Finance Services, a Toronto-based bank. That bank went before Justice Benjamin Taylor on Wednesday calling on the courts to name a court-appointed receiver.

But a lawyer for Entegritty Wind Systems is challenging the bank. Entegritty wants a chance to secure its own financing and fears it will lose control of the company if the court appoints a receiver.

Justice Taylor listened to arguments from both sides for nearly three hours Wednesday. He said he needs time before making his ruling.

Outside the court, Malcolm Lodge, an Island director with Entegritty Wind Systems, refused a request for an interview. But Lodge said he believes there is a future for his company. "It's a good company, it's a good product," said Lodge, as he walked out of the Supreme Court holding a blue legal folder.



Malcolm Lodge of Entegritty Wind Systems leaves a Charlottetown courtroom Wednesday. Guardian photo by Wayne Thibodeau

Inside the courtroom, Lodge, dressed in beige pants and a pinstripe shirt, clutched a piece of paper towel and used it to wipe his forehead over and over again in the ice-cold air conditioned courtroom.

A.C. Poirier and Assoc., a bankruptcy trustee, is already acting as a privately appointed receiver. Mercantile Finance wants a court appointed receiver so Entegritty can access new funding and get back on its feet.

But taxpayers will be on the hook for that new funding. It was revealed in court that Prince Edward Island Business Development Inc., a lending arm of Innovation P.E.I., has agreed to invest in the company as long as a court appointed receiver is named. Nobody from the province would say how much taxpayers' money will be invested.

Entegritty already owes the provincial government \$400,000. That's on top of the more than \$3 million it owes the bank, and the hundreds of thousands of dollars it owes in back pay to its employees who haven't been paid since mid-May.

Kevin Kiley, a lawyer with McInnes Cooper, is representing Mercantile Finance. He said the court must appoint a receiver as soon as possible so the company can acquire new funding and get back on its feet. "The problem is that place is sitting empty because there is no money to run the shop," Kiley said in court.

But Pamela Williams, a lawyer with Cox and Palmer, who is representing Entegritty, called on the courts to remove the privately-appointed receiver and allow the company to attempt to secure new funding on its own. Williams also revealed that there is a rift within the company saying Lodge is fed up with James Heath, the U.S.-based chairman, president and CEO of the company, and that Lodge had more trust in the bank than he did in his own CEO.

Entegritty wants an agreement Lodge signed on July 9, setting in place a chain of events that included the appointment of a receiver, ruled null and void arguing that Lodge did not have the authority to sign those documents with the bank.

Entegritty stopped paying its employees in mid-May and sent them home in June. But that didn't stop Entegritty from participating in a trade mission to South America in June.

Innovation Minister Allan Campbell said he still has hope the company can be saved. He refused to say how much money the province is prepared to pump into the company, adding that will be revealed after the issue has worked its way through the courts. Campbell did say Wednesday it's nowhere near \$3 million. "I wouldn't be considering any kind of financial assistance if I didn't think there was a realistic possibility of viability," added Campbell.