

[Kredl's on Brink of Bankruptcy, Claims Province Reneged on Deal](#)

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Image: Kredl's Corner Market, Facebook

SAINT JOHN – Kredl's, a local grocery store and market in Hampton, is [expected to go into bankruptcy](#) on Friday after a hearing to annul the company's creditor proposal, an action that will result in closing the business and laying off 70 employees.

Kredl's owner David Wolpin claims the company's fate is due to Opportunities New Brunswick (ONB) backing out on an agreement they made with the company in early October.

Kredl's had experienced financial troubles over recent years. After undergoing a huge expansion in 2014 without what Wolpin calls "sound financial guidance," the business lost money for two years. The company went through a creditor protection process and was approved. Wolpin says the business has since turned around and is once again profitable. [On October 5 he pleaded](#) to a room of investors at Invest Atlantic asking for help to purchase the company's assets.

A few days later, he thought he'd reached a deal.

Wolpin alleges that on Oct. 7., he and his consultants met with Paul Fudge, vice president of deal structuring and chief financial officer of ONB. At this meeting, Wolpin claims Fudge called Kredl's creditor, Farm Credit Canada, a crown corporation.

He claims Fudge then made a verbal commitment for ONB to pay out the settlement outlined in Kredl's credit proposal. This would be done in the form of a repayable loan at interest and secured against Kredl's assets. Wolpin says this would complete Kredl's restructuring and would allow the business to continue operating sustainably.

Though nothing was signed, a few weeks later on Oct. 21, Wolpin claims he was delivered the terms and details of the deal.

“We thought everything was good,” Wolpin says. “We had stopped our dealings with the potential investors that we had ... ONB offered a deal. They made a deal. We didn’t have something on the table when ONB came in. We had very good discussions and prospects, but ONB came in and made a deal.”

At least, that’s what he thought. Wolpin says on Oct. 28, he received written notice from ONB that the deal would not go through, a notice he says stated that “based on the information and projections provided, the exposure to risk does not fit within Opportunities New Brunswick’s current guidelines.” This reason, Wolpin says, doesn’t make sense.

“It’s important to know that their loan was secured against our assets. It was not an unsecured loan. It was repayable at interest, so the taxpayers would have profited off of the deal and we’re profitable,” Wolpin says. “I would not be here if I was not profitable.”

Though no deal was physically signed, Wolpin argues what Fudge committed to was binding.

“When an officer of the corporation of Opportunities New Brunswick says something, he has the authority to say it and it’s binding,” he says. “Everybody likes to talk about paperwork, but at the end of the day, that was the commitment that was made.”

Stephen Lund, CEO of Opportunities New Brunswick, told Huddle that he’s unable to go into detail on Kredl’s case. But did say the agency agreed to try to help the company, but no formal agreement was ever made.

“We did work with the company. We never made a commitment,” Lund said. “We made a commitment to try to help them, which we did, but at the end of the day we weren’t able to.”

Lund said Opportunities New Brunswick doesn’t make any official agreements without signed documentation and agreements made without such are not binding.

“We have a very detailed and specific approval process which includes many different levels,” said Lund. “We worked a lot with a lot of companies. We would commit to review to see what we can do. But if we make a commitment, it has to go through a number of different levels.”

Though the agency hates to see a small business struggle, Lund says ONB needs to be conscientious with taxpayer money when it comes to investing in companies.

“We work with small businesses across the province,” he said. “We’ve helped over 300 financially and have helped others in many different ways, but we have to be really conscious of taxpayer money and we can’t help every company.”

Wolpin says he’s asking the province to keep to its agreement.

“What I’m asking them to do is to make a decision about a New Brunswick entrepreneur who wants to invest in New Brunswick, who has invested in New Brunswick and who has more than 70 families counting on this business,” Wolpin said.

“It is Christmas time, and we’re not even asking for a present. We’re the largest private employer in Hampton. It’s the holiday season. I just want them to keep their commitment. That’s all I’m asking.”

Wolpin says if ONB doesn’t pull through on its deal by the end of the week, the company will be forced into bankruptcy. With Kredl’s now profitable again after two tough years, Wolpin says closing the business is the last thing he wants to do, especially during the holidays.

“My team has put in a year of very hard work with me to bring this business back to profitability. That was a tremendous amount of work,” he says. “Now that we’re profitable, just before Christmas, the premier is determined to ensure that these families and farmers get a lump of coal.”