

C A N A D A  
DISTRICT OF NEWFOUNDLAND AND LABRADOR

Division No. : 01 – Newfoundland and Labrador  
Court No. : 21222  
Estate No.: 51-2233571

IN THE MATTER OF THE BANKRUPTCY OF:

10804 NEWFOUNDLAND LTD.

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TRUSTEE'S REPORT TO THE CREDITORS ON PRELIMINARY ADMINISTRATION

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SECTION A History

- 10804 Newfoundland Ltd. (the "Company"), founded in July 1999, was a member of Skymark Group Company, and specialized in the excavation and engineering construction sector, specifically land development.
  - The Company's financial difficulties can be attributed to the following:
    - Poor costing and planning of certain major projects;
    - Overall poor economic conditions in Newfoundland;
    - Margins were not sufficient to cover Company's overhead structure;
    - Increased market competition by larger players led to a price war which reduced the Company's profitability on public projects.
  - On March 28, 2017, the debtor filed a Notice of Intention to Make a Proposal ("NOI") in accordance with section 50.4(1) of the *Bankruptcy and Insolvency Act*.
  - On April 3, 2017, Janes & Noseworthy Ltd. was appointed Receiver in respect of the property situated at 5 Hallett Road, St. John's, Newfoundland.
  - On April 10, 2017, the Company was deemed bankrupt pursuant to the non-filing of a cash-flow statement.
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**SECTION B      Assets**

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Description	Estimated realization value (as of the date of bankruptcy) (\$)	Notes
Accounts receivable	18,992	1
Building and land	8,169,900	2

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**Note 1 :** The accounts receivable is largely made up of refundable deposits. The Trustee will pursue his investigation to determine the collectability of the amounts.

**Note 2 :** (A). Several acres of land situated at the following locations:

- 16 Tilley's Road, NL
- 20 Tilley's Road, NL
- 246 Pine Line, NL
- 30-48 Wind Gap Road, NL
- 451-457 Pine Line, NL
- 912-924 Torbay Road, NL
- 947-965 Torbay Road, NL
- 952-980 Torbay Road, NL
- Cape Broyale, NL
- Pine River Valley, Phase I, NL
- Pine River Valley, Phase II, NL
- Pineridge Creek, Phase IV, NL
- Pineridge Creek, Phase V., NL

The assets are subject to a number of mortgages held by BMO Bank of Montreal and Moskowitz Capital.

The Trustee will run a public sale process for these properties. The Trustee estimates that the net proceeds available to unsecured creditors will be in the range of \$800,000 to \$900,000.

(B). Land and building situated at 5 Hallett Road, St. John's, NL is subject to a mortgage held by the Business Development Bank of Canada.

The Trustee estimates that the net realizable value of this property will be less than the amount owing to the secured creditor.

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**SECTION C**

▪ **Books and records**

The Trustee is in the process of recovering books and records of the company.

▪ **Conservatory and Protection Measures**

The Trustee opened a bank account with the BMO Bank of Montreal for the bankruptcy estate.

▪ **Operating business of the bankrupt**                      **N/A**

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**SECTION D      Legal proceedings**

No legal proceedings were brought to the trustee's attention.

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**SECTION E      Provable claims**

- The provable claims are summarized as follows:

	As per the Statement of Affairs	Received to date
	(\$)	(\$)
Preferred creditors	-	-
Secured creditors	7,220,412	-
Unsecured creditors	7,459,177	-
Employee-creditors (termination notice)	-	-
Government priority claims	-	-

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**SECTION F Secured claims**

Name of secured lender	Estimated claim (\$)	Nature of lien
• BMO Bank of Montreal	3,290,657	1 <sup>st</sup> ranking mortgage on a number of properties. See Statement of Affairs for details.
• Business Development Bank of Canada	3,863,300	1 <sup>st</sup> ranking mortgage on property located at 5 Hallett, St. John's, NL.
• Moskowitz Capital	929,755	1 <sup>st</sup> and 2 <sup>nd</sup> ranking hypothecs on a number of properties. See Statement of Affairs for details.

**SECTION G Anticipated realization and projected dividend**

- As mentioned previously in the report, the Trustee is anticipating that approximately between \$800,000 and \$900,000 of funds will be available for the unsecured creditors having filed a valid proof of claim.

**SECTION H Reviewable transactions and preferential payments**

The Trustee has not completed the analysis of revisable transactions and preferential payments. Once completed, he will report to the inspectors to be appointed in the estate.

**SECTION I Other subjects**

- The Trustee published the notice of bankruptcy in Telegram, on April 26, 2017.

**SIGNED AT MOUNT PEARL**, this 28<sup>th</sup> day of April 2017.

**MNP Ltd.**

In its capacity as Trustee to the bankruptcy of  
10804 Newfoundland Ltd.  
and not in its personal or corporate capacity



Gregory Steven Gosse, FCPA-FCMA, CIRP, LIT  
Vice-President