

District of: Ontario  
Division No. 08 - Waterloo  
Court No. 35-2809525  
Estate No. 35-2809525

## TRUSTEE'S PRELIMINARY REPORT

IN THE MATTER OF THE BANKRUPTCY OF  
2277233 Ontario Inc o/a Norton Farms.  
(hereafter referred to as "227" or the "Company")

Trustee: MNP Ltd.

### SECTION A - Background

227 was incorporated on March 09, 2011. It was a family run farm operating in Hagersville, ON. The registered Director of the Company is Kenneth Norton.

The Company produced naturally raised products, including fruits, vegetables, beef, pork, chicken, turkey, honey, cheese, eggs and maple syrup. They also worked with local meat processors to source meats that are humanely and ethically raised. The Company struggled with financial difficulties caused by poor crop yields and rising input costs (fuel, feed, and fertilizer). The Company was unable to service its mounting debt and fell behind on loan payments. Ultimately, management made the decision to wind down operations and liquidate all assets. The majority of the land and equipment was liquidated, and proceeds paid to secured creditors.

On March 3, 2022 the Company made an assignment in bankruptcy and MNP was appointed as trustee. (the "Trustee").

### CLASS I - Stocks of merchandise

The Company did not have any inventory.

### CLASS II - Plant, machinery, equipment, and office

The Company had four residual pieces of equipment at the date of bankruptcy, all of which are encumbered by secured creditors and held on consignment with different equipment dealers. The Trustee has received security documentation from FCC proving it has valid security over three of the residual pieces and has released its interest in same. The Trustee is waiting for Meridian OneCap to prove its security interest in the one residual piece.

### CLASS III - Buildings and real estate

The Company did not own any real estate. The farm land and the house were owned by the owners personally.

#### CLASS IV - Books and records

The Trustee has taken possession of the books and records required to administer the bankruptcy.

#### CLASS V - Other assets

None known.

#### **Property of Bankruptcy not divisible amongst creditors by virtue of Section 67(b), of the Bankruptcy and Insolvency Act**

None known.

#### **Property placed under the guardianship of the Company**

None known.

#### SECTION B

##### **1. Conservatory and protective measures**

The business was shut down prior to bankruptcy. The Trustee has taken no conservatory or protective measures.

##### **2. Carrying on business**

The Company's operations ceased prior to bankruptcy.

#### SECTION C - Legal proceedings

There are no legal proceedings the Trustee is aware of.

#### SECTION D - Provable claims

	As per Statement of Affairs	Claims Received to Date
Unsecured	\$65,190.00	Nil
Preferred	Nil	Nil
Secured	\$185,100.00	Nil
Deemed trust	Nil	Nil
<b>Total</b>	<b>\$250,290.00</b>	<b>Nil</b>

#### SECTION E - Secured creditors

The Trustee is aware of the following secured creditors:

**Farm Credit Canada ("FCC"):** FCC has a security interest in some of the equipment of the Company and those assets are held on consignment by Milestone Equipment Ltd and Delta Power Equipment. FCC has provided evidence satisfactory to the Trustee to prove its secured charge.

**Meridian OneCap (Meridian):** Meridian has a security interest registered against two pieces of equipment. At the time of filing the bankruptcy it was thought the equipment and loan were in the

name of the company. Since the bankruptcy the Trustee has confirmed both are in the name of Ken Norton personally. There is no equity available in the equipment regardless.

**SECTION F - Anticipated realizations and projected distribution**

There is no distribution expected in this estate.

**SECTION G - Reviewable transactions and preferential payment**

The Trustee has reviewed the bank statements for twelve months preceding bankruptcy and found no evidence of reviewable transactions or preference payments.

**SECTION H - Other matters**

The Trustee has received a deposit of \$10,000 from Ken Norton to cover the fees and disbursements of the bankruptcy.

Dated at London, Ontario this 21<sup>st</sup> day of March 2022.

MNP Ltd.  
Licensed Insolvency Trustee of  
2277233 Ontario Inc.



Per: Rob Smith CPA, CA, CIRP, LIT  
Senior Vice-President

Waterloo  
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IN THE MATTER OF THE BANKRUPTCY OF  
2277233 Ontario Inc.

Carrying on business in the City of Hagersville,  
in the Province of Ontario

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MNP Ltd.  
1002 - 148 Fullarton Street  
London, ON N6A 5P3