

CANADA
Province of Ontario
Court and Estate No: 32-2842775

**TRUSTEE’S PRELIMINARY REPORT
IN THE MATTER OF THE BANKRUPTCY OF
2420598 ONTARIO INC.
OF THE CITY OF HAMILTON
IN THE PROVINCE OF ONTARIO**

Licensed Insolvency Trustee (“**Trustee**”): MNP Ltd.

The information contained in this Preliminary Report has been prepared from the available books and records of the Company (as such term is later defined) and discussions with the Management. These books and records have not been reviewed or otherwise audited by the Trustee and, consequently, the Trustee expresses no opinion whatsoever with respect to the validity, the exactness or the reliability of the information taken from those records contained herein.

SECTION A – BACKGROUND

2420598 Ontario Inc. (“**2420598**” or the “**Company**”) operated a chain of buffet restaurants which was incorporated in September 2008 and carried business out of its leased premises, which was located in Hamilton, Ontario. 2420598 was also the Head Office for 2390154 Ontario Inc. and 2651082 Ontario Inc.

The Company attributes its financial difficulties primarily to the lock downs and limited business revenue following the lock downs due to the COVID-19 pandemic. We understand that the Company ceased operating in November 2021 when the landlord took possession of the property and re-entered the premises.

On June 28, 2022 (“**Date of Bankruptcy**”), 2420598 filed an assignment in bankruptcy in which MNP Ltd. (“**MNP**” or the “**Trustee**”) was named as Trustee, subject to affirmation at the First Meeting of Creditors (“**FMOC**”).

On July 3, 2022, the Notice to Creditors advising of the bankruptcy and the FMOC, a list of creditors and a proof of claim form, along with a proxy, were sent to all known creditors of the Company. Pursuant to subsection 102(4) of the *Bankruptcy and Insolvency Act* (“**BIA**”), the Notice of Bankruptcy was published in *The Hamilton Spectator* newspaper on July 5, 2022.

SECTION B – PRELIMINARY EVALUATION OF ASSETS AND SECURITY INTERESTS

Security Interests

A search of the *Personal Property Security Act* conducted on June 13, 2022 (the “**PPSA**”) revealed no results.

Cash at bank

The Trustee has taken steps to freeze the Company's bank account and have the funds on deposit, if any, remitted to the Trustee. There do not appear to be any other recoverable assets of the Company.

SECTION C – BOOKS AND RECORDS

MNP is in the process of taking possession and control of available books and records of the Company which are necessary for the administration of these proceedings.

SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

As noted above, the Trustee has requested the Company's bank account be frozen.

SECTION E – PROVABLE CLAIMS

The claims of creditors as per the SOA and the claims filed as at 5:00 p.m. on July 14, 2022 are summarized below:

	<u>SOA</u>	<u>Claims as Filed</u>
Secured	Nil	Nil
Preferred	Nil	Nil
Unsecured	\$543,611.42	Nil
Contingent	\$900,000.00	Nil
	<hr/> \$1,443,611.42 <hr/>	<hr/> \$0.00 <hr/>

SECTION F- LEGAL PROCEEDINGS, TRANSFERS AT UNDER-VALUE AND PREFERENCE PAYMENTS

Legal Proceedings

The Trustee has not commenced any legal proceedings.

Transfers at Under-Value and Preference Payments

The Trustee is still in the process of obtaining the Company's books and records in order to identify any potential transfers at undervalue or preference payments. The scope of the review will be limited to a review of certain disbursements made in the 12 months preceding the Date of Bankruptcy and inquiries with management.

The Trustee will discuss any matters which require attention of the creditors and any findings with the Inspector(s), if appointed at the FMOC.

SECTION G - ANTICIPATED REALIZATIONS AND PROJECTED DISTRIBUTION

Given the foregoing and the SOA, the Trustee anticipates very limited, if any, realizations in the estate, and accordingly, no distributions to the Company's unsecured creditors.

SECTION H – OTHER MATTERS

Third Party Deposit

Prior to the Bankruptcy Date, MNP received a retainer from the Company's principal in the amount of \$11,300.00.

This deposit is to guarantee the costs of the administration of the bankruptcy given that the Trustee anticipates no realizations from other sources to, as the primary responsibility for the payment of the Trustee's fees and disbursements lies with the estate. These funds deposited with the Trustee are not considered funds belonging to 2420598's bankruptcy estate. Upon completion of the administration of the bankruptcy, any remaining balance of the deposit will be returned as appropriate.

WEPP

The Trustee understands that 2420598 terminated all employees prior to the date of bankruptcy and paid all relevant amounts owing to its employees. The Trustee therefore does not anticipate any claims under Wage Earner Protection Program ("WEPP").

Dated at Toronto, Ontario this 15th day of July, 2022.

MNP LTD.

Trustee of the Bankrupt Estate of

2420598 Ontario Inc.

and not in its personal or corporate capacity

Per:



Jerry Henechowicz, CIRP, LIT, CPA, CA
SENIOR VICE-PRESIDENT