

CANADA
Province of Ontario
Division No.: 09- Mississauga
Court No & Estate No.: 32-3078193

**TRUSTEE'S PRELIMINARY REPORT TO CREDITORS
ON THE BANKRUPTCY ADMINISTRATION**

**IN THE MATTER OF THE BANKRUPTCY OF 2724393 ONTARIO INC.
OF THE CITY OF BRAMPTON 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

On July 21, 2023, MNP Ltd. (“**MNP**”) was appointed as the receiver and manager (in such capacities the “**Receiver**”) without security, of the assets, undertakings and properties (the “**Property**”) of the 2724393 Ontario Inc. (“**272 Ontario**” or the “**Company**”) by order (the “**Appointment Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”).

The amount of \$2,966,302.37 was owed by 272 Ontario to Canadian Western Bank (“**CWB**”), who was concerned that it would suffer a shortfall in the recovery of that indebtedness after monetization of the Property. The Receiver has obtained an opinion from its independent legal counsel, Chaitons LLP (“**Chaitons**”), that subject to the usual qualifications and assumptions, CWB holds valid, enforceable and first ranking security over all of the Property.

272 Ontario operated Ultramar Gas Station and Express Mart Convenience store on owned property at 181 Brant Rd, St George, Ontario (the “**Premises**”) that was sold by Receiver in a Court approved transaction.

The Receiver filed reports to Court in these proceedings all of which along with other pertinent publicly available documents are posted on the MNP’s dedicated website [2724393 Ontario Inc | MNP LTD \(mnpdebt.ca\)](https://www.mnpdebt.ca) (the “**Webpage**”).

As set out in the Receiver’s Report to the Court dated March 19, 2024, the Receiver subject to Court approval sold the Property, and sought an order of the Court to distribute the proceeds to CWB, subject to statutory priority claims.

On April 2, 2024, the Receiver obtained an order of the Court (the “**Bankruptcy Order**”) that among other things, approved the Transaction and authorized the Receiver to make assignment in bankruptcy on behalf of 272 Ontario and act as trustee in bankruptcy of the Company.

On May 7, 2024, the Receiver filed an assignment in bankruptcy for the Company, which was accepted by the Office of the Superintendent of Bankruptcy Canada and which became effective on May 9, 2024 (“**Date of Bankruptcy**”), MNP (in such capacity, the “**Trustee**”) was appointed as the Licensed Insolvency Trustee of the Company’s bankruptcy estate, subject to affirmation by the creditors at the first meeting of creditors (“**FMOC**”).

On May 14, 2024, the Notice to Creditors advising of the bankruptcy and the FMOC, in the form prescribed by the Bankruptcy Order, was sent to all known creditors of the Company. Pursuant to subsection 102(4) of the BIA, the Notice of Bankruptcy was published in the newspaper on May 14, 2024. The creditors package that is normally mailed to known creditors, as mandated by the Court, was not mailed to known creditors and only posted on the Webpage.

SECTION B – PRELIMINARY EVALUATION OF ASSETS AND SECURITY INTERESTS

Security Interests

During its appointment, the Receiver obtained an opinion from its independent legal counsel, Chaitons, that subject to the usual qualifications and assumptions, CWB holds valid, enforceable and first ranking security over all of the Property.

Assets Realizations

The Receiver has completed realizations of the Property, all of which is subject to statutory priority claims and CWB security interest.

SECTION C – BOOKS AND RECORDS

In its capacity as Receiver, MNP only recovered a very limited amount of the Company’s books and records. It appears that the insolvent person’s book and records were not properly updated and available to the Receiver.

SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

As set out above, in its capacity as Receiver, MNP took possession and control of all of the Property and realized on the Property as authorized by the Court.

SECTION E – PROVABLE CLAIMS

Attached as Schedule “A” is a summary of the Company’s potential claims as set out on their respective Statement of Affairs. As of 5:00 pm on May 22, 2024, Proof of Claim was filed from CWB and Parkland Corporation, total in the amount of \$1,802,275.32 unsecured. The Trustee has not determined the admissibility of the above-noted claim for dividend purposes.

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

Transfers at Under-Value and Preference Payments

The Receiver investigated the unauthorized removal and sale of approximately \$160,000 of fuel from the Premises immediately prior to filling the Receivership. The Trustee intends to further investigate this matter in consultation with the Inspector (s), if appointed at the FMOC.

SECTION G - ANTICIPATED REALIZATIONS AND PROJECTED DISTRIBUTION

For reasons set out above, CWB will suffer a shortfall on its security. Accordingly, there will not be a distribution to any creditors whose claims are subordinate to CWB.

SECTION H – OTHER MATTERS

N/A

Dated at Toronto, Ontario, this 23rd day of May, 2024.

MNP LTD.

Trustee of the Bankrupt Estate of

the 2724393 Ontario Inc.

and not in its personal or corporate capacity

Per:

A handwritten signature in blue ink, appearing to read "Jerry Henechowicz". The signature is written in a cursive style with a large initial "J".

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

Appendix "A" to the Preliminary Report
Claims as per Statement of Affairs Date May 7, 2024 and Proof of Claim Received by May 22, 2024

Particulars	Claims as per SOA	Claims as Filed
Secured	\$145,000.00	Nil
Unsecured	\$2,390,986.00	\$1,802,275.32
Preferred	Nil	Nil
TOTAL	\$2,535,986.00	\$1,802,275.32