

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF
CYPER WEST TECHNOLOGY INC.**

ORDINARY ADMINISTRATION

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

BACKGROUND

Cyper West Technology Inc. (“**Cyper**” or the “**Company**”) is a provincially registered corporation located in Vancouver, British Columbia. Enterprise Cyper Inc., a related company had operations in Montreal, Quebec.

A search of the British Columbia Corporate Registry Performed on June 6, 2023 indicated that Company’s sole director is Olena Pomazanova (the “**Director**”). The Company offered information technology services including a tailored approach to its clients’ digital transformation, information security IT consulting and cybersecurity needs.

ASSIGNMENT IN BANKRUPTCY

The Company incurred a net loss for the year ended June 30, 2021, and no revenue. The Company generated revenue of \$717,500 during Fiscal 2022 which resulted in approximately \$12,000 in net income. The Company provided an interim income statement for the period covering July 1, 2022 until May 30, 2023 which indicated that although revenues had increased to approximately \$1,200,000, the Company was not profitable and the Company incurred a net loss.

The Company made a voluntary assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* effective June 12, 2023. MNP Ltd. was appointed as the Licensed Insolvency Trustee of the Bankrupt Estate (the “**Trustee**”), subject to creditor affirmation at the First Meeting of Creditors.

Notice of the Assignment in Bankruptcy and First Meeting of Creditors was sent to all known creditors on June 13, 2023.

ASSETS

According to the Statement of Affairs filed in the bankruptcy, the Company’s assets include:

Statement of Affairs

Accounts Receivable	105,000.00
Cash	100.00
Machinery & Equipment	<u>1.00</u>
	<u>106,001.00</u>

Accounts Receivable

The Trustee reviewed the Company’s accounts receivable ledger which indicated that \$105,000 was owing to Cyper from Enterprise Cyper Inc. There were no other outstanding accounts listed on the Company’s accounts receivable ledger. As previously reported, Enterprise Cyper Inc. is a related company, by way of being under common control. We understand that Enterprise Cyper Inc. has also made an assignment in bankruptcy. Therefore, we do not expect any realization from the accounts receivable.

Cash in Bank

The cash in bank reported on the Statement of Affairs represents the estimated cash balance as of the date of bankruptcy. The Trustee has contacted the banking institution to request that the accounts be frozen and that the funds in the account be forwarded to the Trustee.

Machinery & Equipment

The value reported on the Company’s Statement of Affairs for machinery and equipment includes laptop computers and accessories. The Company’s June 30, 2022, balance sheet reported capital assets with a net book value of approximately \$11,000. The Director reported that the Company did not collect computers from employees when they were terminated and that only three laptop computers remain.

PROVABLE CLAIMS

It is the duty of the Trustee to examine and satisfy itself as to the validity and priority of all claims filed in the Estate. As of the date of this report, two proofs of claim have been filed with the Trustee and representing \$55,363.68 in total creditor claims.

	Statement of Affairs	Filed
Secured creditors	\$40,598.00	Nil
Preferred creditors	Nil	Nil
Unsecured creditors	\$47,910.01	\$55,363.68
Total	\$88,610.01	\$55,363.68

There were not any significant differences between the claims filed and claims listed on the Statement of Affairs.

SECURED CREDITORS

According to a British Columbia Personal Property Registry search performed on June 6, 2023, the Toronto Dominion Bank has a registered general security agreement in all of the Company’s personal property and proceeds thereof. The Toronto Dominion Bank has submitted an unsecured proof of claim in the amount of \$44,223.99.

Canada Revenue Agency (“CRA”)

CRA has a “deemed trust” claim or property claim equal to the amount of payroll deductions withheld from employees’ compensation and not remitted to CRA. This claim comes in priority to the claims of all other creditors. The Company’s internal balance sheet reported unremitted source deductions of approximately \$700.00. To date, a proof of claim has not been received from CRA in relation to the unremitted payroll source deductions. The Trustee will engage in correspondence with CRA for the purpose of confirming the deemed trust amounts owing to CRA.

Any debt owing to CRA for unremitted goods and service tax at the date of bankruptcy will rank as a general, unsecured claim.

Claims of Wage Earners

Pursuant to Section 81.3(1) of the BIA, claims of employees who are owed wages, vacation pay, and other compensation for services rendered in the six-month period preceding the Date of Bankruptcy are secured, to the extent of \$2,000, by security over the Company’s current assets (cash, accounts receivable and inventory).

The Directors indicated that all employees were terminated prior to the bankruptcy. We do not expect any claims related to employees’ unpaid compensation.

PREFERRED CREDITORS

Employees

Employees are afforded a priority for wages and compensation that are not paid by virtue of Section 81 of the BIA. Claims of employees that relate to the period more than six months preceding the date of bankruptcy are general, unsecured claims and will share ratably with the claims of other creditors. As reported, we do not anticipate receiving priority claims from employees for unpaid compensation.

Landlords

Landlords are afforded a priority for unpaid rent for a period of three months immediately preceding the bankruptcy and accelerated rent for a period not exceeding three months following the bankruptcy if entitled to accelerated rent under the lease. The Trustee does not expect any priority claims in relation to unpaid rent.

UNSECURED CREDITORS

The Statement of Affairs reports total unsecured creditors of \$88,508.01. Ultimately the amounts owing to the unsecured creditors will be based on proofs of claim filed by the creditors and admitted by the Trustee.

SALE OF ASSETS

The Trustee will review the realizable value from the Company’s computer equipment. The Trustee does not expect any material realizations from these assets.

OTHER MATTERS

Books and Records

The Trustee is in possession of certain books and records at the date of bankruptcy that were provided by the Company.

Legal Proceedings

The Trustee has not commenced any legal proceedings at the date of this report.

Conservatory and Protective Measures

The Trustee did not take conservatory or protective measures as there were no material assets to secure.

Preferences, and Transactions at Under Value

The Trustee will undertake a review of the Company’s books and records preceding the date of bankruptcy in order to ascertain whether or not any preferential payments and/or reviewable transactions have occurred within the last three months or, where related parties are involved, within the last twelve months.

Directive 16 Third-Party Deposits and Guarantees

Enterprise Cyper Inc. provided the Trustee with a retainer in the amount of \$20,000 to be used for the Trustee’s professional fees.

ESTIMATED REALIZATION

The Trustee does not expect any material asset realizations. The only physical assets owned by the Company is used computer equipment, which typically does not lead to significant value when resold.

All dividends payable by the Trustee to creditors are subject to a 5% levy payable to the Office of the Superintendent of Bankruptcy.

This concludes the Trustee’s Preliminary Report to Creditors.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of June, 2023.

MNP Ltd.

In its capacity as Licensed Insolvency Trustee
of the Bankrupt Estate of
Cyper West Technology Inc.
and not in its personal capacity



Seamus Boyle, CPA, CIRP, LIT
Vice President