

CANADA
Province of Ontario
Division No.: 09- Mississauga
Court No.: 32-2995208
Estate No.: 32-2995208

**IN THE MATTER OF THE BANKRUPTCY OF
LA VIE MODERN FURNITURE INC.
OF THE CITY OF MISSISSAUGA
IN THE PROVINCE OF ONTARIO**

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

Section A – Background

On October 6, 2023, La Vie Modern Furniture Inc. (the “**Company**”) filed an assignment in bankruptcy with the Office of the Superintendent of Bankruptcy (the “**OSB**”) and on the same day, the OSB issued a Certificate of Appointment naming MNP Ltd. as the Licensed Insolvency Trustee (“**Trustee**”) of the Company and setting the date for the First Meeting of Creditors to take place virtually on October 27, 2023, at 10:00 AM.

The Designated Officer of the Company in this bankruptcy administration is Mr. Rui Long Cao, a Director and Officer of the Company.

The Company was incorporated on October 10, 2014, under the *Ontario Business Corporations Act* and operated as a furniture store from rented premises located at 1580 Trinity Drive units 6-8, Mississauga, Ontario (the “**Premises**”) owned by N. Turk Investments Limited (the “**Landlord**”).

The lease for the Premises commenced on November 3, 2016 and was set to expire on February 28, 2027; however, the Company was struggling financially and the Landlord agreed to allow a termination of the lease effective October 1, 2023. Accordingly on September 26, 2023, the Company and the Landlord executed a Surrender of Lease Agreement which provided that the Company and its sub-tenant would immediately cease operations and only have access to the Premises between September 27, 2023 and October 1 2023 for the purposes of moving out. They also undertook to leave the Premises in vacant and broom swept condition on October 1, 2023. On October 1, 2023 the Company handed the keys to the landlord but abandoned its inventory on site. The Trustee notes that at the time of the bankruptcy, it had no capacity to deal with the Premises given that the Surrender of Lease Agreement had been completed.

Section B - Evaluation of Assets

According to the Statement of Affairs, the Company estimated the liquidation value of its assets as \$30,000.00 with respect to inventory. Upon the filing on the bankruptcy on October 6, 2023, the Trustee advised representatives of the Royal Bank of Canada (“RBC”), which holds a registered security interest in the Company’s assets, that the Company had abandoned its inventory at the Premises and connected it with the Landlord so that it could independently deal with its secured assets. It is the Trustee’s understanding that the Landlord is claiming daily storage costs for the abandoned inventory at the Premises and has advised RBC that it will be disposing of those assets. The Trustee does not anticipate any recovery from assets in this bankruptcy.

Section C – Conservatory and Protective Measures

The Trustee has taken possession of certain books and records required for the administration of the bankruptcy.

Section D – Secured Creditors

According to a search conducted of the security registrations under Personal Property Security Act (Ontario) (“PPSA”), RBC is listed as the only secured creditor pursuant to registration #20220105155815325268.

Section E - Provable Claims

To date, the Trustee has received one unsecured claim from a Landlord with respect to storage costs incurred up to the date of the bankruptcy.

The following summarizes the claims:

Creditor Type	Per Statement of Affairs	Proven & Filed to October 26, 2023
Secured	\$ 231,000.00	Nil
Preferred	\$ 24,000.00	Nil
Unsecured	\$ 564,551.88	\$6,960.18
Total	\$ 315,005.00	\$ 6,960.18

Section F – Legal Proceedings, Reviewable Transactions & Preference Payments

The Trustee has not commenced any legal proceedings on behalf of the Estate.

Section G – Remuneration of Trustee

The Trustee's fees will be based on a time and hourly basis. The Trustee has received a third-party retainer in the amount of \$14,125.00 with respect to the basic administration of the bankruptcy.

Section H - Anticipated Realization and Projected Distribution

The Trustee does not anticipate any distribution to unsecured creditors at this time.

Dated October 27, 2023.

MNP Ltd.
Licensed Insolvency Trustee
Per:



Deborah Hornbostel CPA, CA, CIRP, LIT, CFE