

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

**IN THE MATTER OF THE BANKRUPTCY OF  
LAH SOURCING LTD.**

ORDINARY ADMINISTRATION

**TRUSTEE'S PRELIMINARY REPORT TO CREDITORS**

**BACKGROUND**

LAH Sourcing Ltd. (“**LAH Sourcing**” or the “**Company**”) is a provincially registered corporation located in Surrey, British Columbia.

A search of the British Columbia Corporate Registry Performed on February 6, 2024, indicated that Company’s sole director is Faizel Kathrada (the “**Director**”). A previous search was performed which indicated that Adam Kathrada and Faaris Kathrada had also previously been listed as Directors. The Company specialized in providing personal protective equipment, such as medical masks, medical clothing and apparel, and tactical clothing and uniforms for first responders and military clients. The Company had also been expanding into importing other products prior to the insolvency proceedings. The Company was placed into Receivership and MNP Ltd. was appointed as receiver (the “**Receiver**”) pursuant to a Court Order issued by the Supreme Court of British Columbia on August 15<sup>th</sup>, 2023.

**ASSIGNMENT IN BANKRUPTCY**

The Receiver’s powers outlined in the Receivership Order permitted the Receiver to assign the Company into bankruptcy. The Receiver made an assignment in bankruptcy on behalf of the Company pursuant to the provisions of the *Bankruptcy and Insolvency Act* effective February 1, 2024. 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 February 5, 2024.

## ASSETS

The Statement of Affairs filed in the bankruptcy reported Other Property valued at \$1.00. These are the residual funds from Receivership. We do not expect there to be any assets available for unsecured creditors following the payment of priority and secured creditor’s claims.

## 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, three proof of claim has been filed with the Trustee and represents \$309,932 in total creditor claims.

	<b>Statement of Affairs</b>	<b>Filed</b>
Secured creditors	\$1.00	304,931.63
Preferred creditors	Nil	Nil
Unsecured creditors	\$3,077,711.96	\$4,476.03
Total	<u>\$3,077,712.96</u>	<u>\$1,937.62</u>

Andrew Rafuse filed a secured claim in the amount of \$304,931.63 however we noted that the supporting documents reference a mortgage with the borrowers being LAH Holdings Ltd. And Faizel Kathrada. It appears that this claim is not a valid claim against LAH Sourcing Ltd.

## SECURED CREDITORS

According to a British Columbia Personal Property Registry search performed on January 6, 2023, Royal Bank of Canada has registered security interests against the Company’s assets.

### *Royal Bank of Canada (“RBC”)*

RBC has general security agreement over all the Company’s present personal property and personal property where ever situate.

As of the date of this report, RBC has not submitted a proof of claim.

### *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 CRA has performed an audit of the Company’s payroll trust accounts and has submitted a proof of claim for the deemed trust account of \$763.

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 assets (Other Property).

There were no wage earners that qualified under the Wage Earners Protection Program (“WEPP”)

### **PREFERRED CREDITORS**

There are no preferred creditors noted.

### **UNSECURED CREDITORS**

The Statement of Affairs reports total unsecured creditors of \$3,077,712.96. 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**

To date, all assets of the company and its related company, LAH Holdings Ltd., are being sold through the Receivership proceedings. The inventory was sold to Able Auctions, and the real property is listed for sale with Colliers International.

### **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***

At the outset of the Receivership proceedings, MNP changed the locks at the Company’s premises to secure the Company’s assets.

### ***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***

It is agreed by RBC that the costs of administering the bankruptcy will be paid in priority to the security held by RBC.

## **ESTIMATED REALIZATION**

The Trustee does not expect to realize any proceeds for the benefit of the unsecured creditors.

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 21st day of February, 2024.

### **MNP Ltd.**

In its capacity as Licensed Insolvency Trustee  
of the Bankrupt Estate of  
LAH Sourcing Ltd.  
and not in its personal capacity



Greg Ibbott, CPA, CA, CIRP, LIT  
Senior Vice President