

Estate No. 11-2772140
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE BANKRUPTCY OF
LEGENDARY DEVELOPMENTS (SOUTH SURREY) LTD.

ORDINARY ADMINISTRATION

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

BACKGROUND

Legendary Developments (South Surrey) Ltd. (“**Legendary**” or the “**Company**”) was incorporated on June 28, 2017 and is a real estate developer based in Surrey, British Columbia.

A corporate registry search dated July 27, 2021 indicated that the Company’s sole Director is Gurdeep Dhaliwal (the “**Director**”).

The Director advises that Legendary ceased day-to-day operations in June 2019.

ASSIGNMENT IN BANKRUPTCY

Legendary was unable to meet its obligations as they generally became due and made a voluntary assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* (“**BIA**”) effective October 6, 2021 (the “**Date of Bankruptcy**”). MNP Ltd. was appointed Licensed Insolvency Trustee (the “**Trustee**”) of the Bankrupt Estate subject to creditor confirmation at the First Meeting of Creditors.

Notice of the Assignment in Bankruptcy and the First Meeting of Creditors was sent to all known creditors on October 6, 2021.

ASSETS

According to the Statement of Affairs filed in the bankruptcy, the Company does not have any assets.

The Company's Director reported that the Company had accumulated tax losses of approximately \$14,000,000. The tax losses of a bankrupt corporation do not have any value and were therefore not reported on the Statement of Affairs.

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, seven (7) proofs of claim have been filed with the Trustee and represents approximately \$16,186,520 in total creditor claims. There have been no significant differences between the claims listed on the Statement of Affairs and the claims filed with the Trustee to date.

SECURED CREDITORS

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 Director indicated that the company does not have any employees. We do not anticipate a debt owing to CRA in relation to payroll withholdings.

Any debt owing to CRA for unremitted Goods and Service Tax at the date of bankruptcy will rank as a general, unsecured claim. The Director advised that there is not any unpaid Goods and Service Tax and that all returns, and remittances are current.

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 and accounts receivable).

The Director advised that the company does not have any employees, and as such, the Trustee does not anticipate receiving claims under Section 81.3(1).

Other Secured Creditors

A Personal Property Registry search performed by the Trustee, dated July 27, 2021 showed that 1075472 B.C. Ltd, AEI Holding Corp., CTJ Investments Inc., and Majoris Investments Ltd. have registered security agreements against the Company. As previously reported the Company does not have any assets, therefore the estimated value of the security for each of the above-named creditors is \$0 and each of these debts have been classified as unsecured on the Statement of Affairs.

PREFERRED CREDITORS

Employees

Employees are afforded 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 previously, we do not anticipate receiving claims from employees for unpaid compensation.

UNSECURED CREDITORS

The Statement of Affairs reports total unsecured creditors of \$25,117,016.

Ultimately the amounts owing to the unsecured creditors will be based on proofs of claim filed and admitted by the Trustee.

SALE OF ASSETS

The Company does not have any assets; therefore, the Trustee will not take any steps with respect to asset realization.

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 was not required to take the normal conservatory and protective measures, as the Company does not have any assets.

Preferences, and Transactions at Under Value

The Trustee would normally review the Company's books and records preceding the date of bankruptcy 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. The Trustee will review any books and records available, however, the Director advises that the Company has not had a bank account since 2019.

Directive 16 Third-Party Deposits and Guarantees

Essence Properties Inc. has provided the Trustee with a retainer in the amount of \$70,000 to cover the Trustee's professional fees.

ESTIMATED REALIZATION

The Trustee does not anticipate any proceeds to be realized, and does not expect any realization for the Company's 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 26th day of October, 2021.

MNP Ltd.

In its capacity as Licensed Insolvency Trustee
of the Bankrupt Estate of Legendary Developments (South Surrey) Ltd.
and not in its personal capacity



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