

CANADA  
District of ONTARIO  
Division No. 09 - Toronto  
**Court No. 31-2420697**  
**Estate No. 31-2420697**

## **TRUSTEE'S PRELIMINARY REPORT**

### **IN THE MATTER OF THE BANKRUPTCY OF BOSS LOGO PRINT & GRAPHICS INC OF THE CITY OF MARKHAM IN THE PROVINCE OF ONTARIO**

*The information contained in this Preliminary Report has been prepared from the available books and records of the Company and discussions with the former principal of the Company, Kapil Sunak. 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**

Boss Logo Print & Graphics Inc (“**BLPG**” or the “**Company**”) was a Canadian owned graphic services and printing business. The Company operated from leased premises located at 3115 14th Avenue, Suites 4,5,6 &7, Markham, Ontario (the “**Premises**”).

On September 4, 2018, TD Canada Trust (“**TD**”) appointed MNP Ltd. (“**MNP**”) as the privately appointed receiver of the Company in respect of the property of BLPG subject to the TD’s security.

On September 14, 2018 the Company made a voluntary assignment into bankruptcy. MNP was appointed by as the Licensed Insolvency Trustee (the “**Trustee**”), subject to affirmation by the Company’s creditors at the first meeting of creditors.

On September 17, 2018, the Notice to Creditors advising of the bankruptcy and the First Meeting of Creditors, a list of creditors and a proof of claim form, along with a proxy, were sent to all known creditors of the Company. Pursuant to subsection 102(4) of the BIA, the Notice of Bankruptcy was published in the September 17, 2018 edition of the Toronto Sun newspaper.

On the application by TD, and pursuant to an Order of the Superior Court of Justice (Commercial List), dated September 19, 2018, MNP was appointed by Court as Receiver without security, of the all of the assets, undertakings and properties BLPG (the “**Receiver**”).

A copy of the application and motion record in support of MNP's appointment as Receiver and all other publicly available information regarding these proceedings can be found on the Receiver's Case Website [www.mnpdebt.ca/en/corporate/engagements/boss-logo-print-graphics-inc](http://www.mnpdebt.ca/en/corporate/engagements/boss-logo-print-graphics-inc).

According to the principal of the Company, Kapil Sunak ("**Mr. Sunak**"), BLPG's financial difficulties were due to a lack of working capital and cash flows to support operations and its obligations to its creditors.

### **SECTION B – ASSETS**

The Company's assets and its estimated realizable value according to its sworn Statement of Affairs are limited to:

- Machinery (Printing Equipment) estimated to produce \$1,574,498.00

The Company's assets are under the possession and control of the Receiver, no realizations are expected to be available for distribution through the bankruptcy.

### **SECTION C – BOOKS AND RECORDS**

In its capacity as a privately appointed receiver, on September 4, 2018, the Receiver attended the Premises to take possession and control of the Company's assets as well as its books and records. Upon arriving at the Premises, MNP discovered that the office area had been cleaned out of virtually all of papers, documents and office equipment, which included the Company's books and records and computers.

When Mr. Sunak was asked about the lack of books and records and computers, Mr. Sunak advised that he had cleaned the Premises for the receiver, that the computers were all old, and he was concerned with personal information on the computers so he destroyed and disposed of the computers.

The Receiver/Trustee has since made numerous requests for the electronic copies of the books and records be delivered to its offices and any electronic backups of the destroyed computers be proceeded to review of the books and records and completion of its administrative duties.

To date there has been very limited recovery of the Company's books and records and such that have been obtained are held in the joint control of the Trustee and the Receiver.

**SECTION D – CONSERVATORY AND PROTECTIVE MEASURES**

No conservatory and protective measures have been taken by Trustee as any and all of the Company's assets are in the possession and control of the Receiver.

**SECTION E – LEGAL PROCEEDINGS**

The Trustee has retained Domenico Magisano of Lerner's LLP ("**Lerner's**") to provide an opinion on the validity and enforceability of the security held by TD, as against the Trustee (the "**Opinion**"). The Opinion dated October 1, 2018 confirmed the validity and enforceability of the security held by TD. Prior to the Trustee consenting to act in the bankruptcy, Lerner's verbally provided the Opinion.

**SECTION F – PROVABLE CLAIMS**

As of 12 PM (Toronto time) on October 1, 2018, the Trustee has received the following proofs of claim in respect of BLPG's bankruptcy:

	<u>Statement of Affairs</u>	<u>Claims As Filed</u>
Secured/Deemed Trust	\$ 1,574,502.00	\$ 1,585,969.96
Preferred	18,743.97	Nil
Unsecured	<u>2,788,367.52</u>	<u>2,557,096.16</u>
	<u>\$ 4,381,613.49</u>	<u>\$ 4,143,066.12</u>

The Trustee, at the time this Report was issued, held three (3) proxies on behalf of creditors totaling \$2,117,125.39 in unsecured claims.

The Trustee has not determined the admissibility of these claims for dividend purposes.

**SECTION G – SECURED CREDITORS**

On the basis of the results of searches of the Ontario *Personal Property Security Act* registry search and BLPG's statement of affairs, the following parties have registered a security interest against the Company's assets as set out below:

<u>Secured Creditor</u>	<u>Approximate Amount Owed</u>
TD Bank	\$ 3,250,807.00
Heidelberg Canada Graphic Equipment Inc	Unknown
Xerox Canada Ltd	Unknown

National Leasing Group Inc  
Mercedes-Benz Financial Services Canada Corporation.

Unknown  
Unknown

## **SECTION H – ANTICIPATED REALIZATIONS AND DISTRIBUTIONS**

All realizations are to be completed by the Receiver in the court-appointed receivership proceeding, and as such it is not expected to be any funds to be available for distribution through these bankruptcy proceedings.

## **SECTION I – REVIEWABLE TRANSACTIONS**

The Trustee has yet to begin its review of potential transfers at undervalue and preferential payments made by the Company prior to the date of bankruptcy due to its lack of access to the books and records of the Company. Upon receipt of the information, it is the Trustee's intention to complete a review of the transactions of the Company prior to the initial bankruptcy event and report its findings to the inspectors of the estate.

## **SECTION J – Other Matters**

The Trustee remuneration has been guaranteed by TD and likely paid from the net proceeds realized by Receiver and transferred from the receivership pursuant to a Court order.

The Trustee is currently reviewing BLPG's limited books and records to determine the extent to which BLPG's former employees are eligible to make claim under the *Wage Earner Protection Program Act*. Given the state of BLPG's records, the Trustee may need to seek an extension of time to complete its duties under the Wage Earner Protection Program.

Dated at Toronto, Ontario this 1<sup>st</sup> day of October, 2018.

### **MNP LTD.**

Trustee of the Estate of  
Boss Logo Print & Graphics Inc, a bankrupt  
Per:



Matthew Lem, CIRP  
Licensed Insolvency Trustee