

District of: Ontario  
Division No. 08-Waterloo  
Court No. 35-3012541  
Estate No. 35-3012541

TRUSTEE'S PRELIMINARY REPORT

IN THE MATTER OF THE BANKRUPTCY OF  
2670201 ONTARIO INC.

Trustee: MNP Ltd.

SECTION A - Background

2670201 Ontario Inc. (the "**Company**") was incorporated December 11, 2018. The Company operated a Cora's restaurant franchise from leased premises in Waterloo Ontario.

The Company struggled with profitability and cashflow throughout the Covid-19 pandemic and associated lockdowns. During 2020 and 2022 at the height of the pandemic the Company fell behind on rent and fully utilized its line of credit. During 2023 sales did not return to pre-pandemic levels and the Company continued to struggle with cashflow. In November 2023 the landlord changed the locks to the leased restaurant and terminated the lease.

The Company made an assignment in bankruptcy on November 22, 2023. MNP Ltd. was appointed as trustee. (the "**Trustee**").

CLASS I - Stocks of merchandise

There was food inventory in the leased location when the locks were changed. Any perishable inventory was disposed of by the landlord for health and safety concerns. There remains approximately \$10,000 worth of frozen and non-perishable food inventory.

CLASS II - Plant, machinery, equipment, and office

There is restaurant and furniture equipment with unknown value at the leased location.

CLASS III - Buildings and real estate

The Company did not own real estate.

CLASS IV - Books and records

The Trustee has taken possession of the books and records required to administer the bankruptcy.

CLASS V - Other assets

The Company has a franchise agreement with the Cora Franchise Group Inc. (the “**Franchisor**”) which could have value under the right circumstances. This would require identification of a purchaser and cooperation of the Franchisor, the secured lender and the landlord.

Property of Bankruptcy not divisible amongst creditors by virtue of Section 67(b), of the Bankruptcy and Insolvency Act

None known.

Property placed under the guardianship of the Company

None known.

SECTION B

1. Conservatory and protective measures

All of the assets are encumbered by the secured lender. The Trustee did not attend or take possession of the leased premises. The Trustee wrote to the Toronto Dominion bank requesting the Company bank account be frozen.

2. Carrying on business

The Company's operations ceased prior to bankruptcy.

SECTION C - Legal proceedings

There are no legal proceedings the Trustee is aware of.

SECTION D - Provable claims

Creditor Class	Per Statement of Affairs	Proven
Deemed Trust	\$nil	\$nil
Secured	\$210,000	\$nil
Preferred	\$nil	\$126,184
Unsecured	\$406,459	\$256,207
<b>Total</b>	<b>\$411,459</b>	<b>\$382,391</b>

**Secured creditors**

The Toronto Dominion Bank (the “**Bank**”) has registered general security against all assets of the Company. The Bank has engaged legal counsel who is reviewing options to realize on the assets, including inventory, restaurant equipment and franchise agreement. It is expected that any sale of these assets would result in a shortfall on the Bank’s security.

The Franchisor has also registered general security against all assets of the Company. This registration ranks behind the Bank.

**SECTION F - Anticipated realizations and projected distribution**

It is expected there will be a shortfall on the secured debt so there would be no realizations available for the trustee. No distribution is expected from the bankruptcy estate.

**SECTION G - Reviewable transactions and preferential payment**

The Trustee has done a review of the bank statements for the last twelve months and found no indication of reviewable transactions or preferential payments.

**SECTION H - Other matters**

The Trustee has received a third-party deposit of \$15,000 from Clement Hitimana to cover the fees and disbursements of the bankruptcy in the event asset realizations are insufficient.

The Trustee initiated the claims process under the Wage Earner Protection Program for unpaid wages, vacation and termination pay owing to employees.

Dated at London, Ontario this 12<sup>th</sup> day of December 2023.

MNP Ltd.  
Licensed Insolvency Trustee of  
2670201 Ontario Inc.



Per: Rob Smith CPA, CA, CIRP, LIT  
Senior Vice-President



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IN THE MATTER OF THE BANKRUPTCY OF  
2670201 Ontario Inc.

Carrying on business in the City of Waterloo,  
in the Province of Ontario

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