

District of: Ontario
Division No. 09-Mississauga
Court No. 32-2985146
Estate No. 32-2985146

TRUSTEE'S PRELIMINARY REPORT

IN THE MATTER OF THE BANKRUPTCY OF
GUNSLINGERS INC.

Trustee: MNP Ltd.

SECTION A - Background

Gunslingers Inc. ("**Gunslingers**" or the "**Company**") was incorporated in January 2013. The sole director is Seth Rossman ("**Rossman**"). The Company rented military and tactical props and costumes to film and television productions across Canada. The rented products included firearms and police/military outfits.

Gunslingers was severely impacted by the Covid-19 pandemic as there were no new movie or tv productions sales completely dried up. Post-pandemic the industry was starting to return to normal; however, all new productions are on hold again due to the ongoing writer strikes. Gunslingers has had very minimal revenue over the past four years.



The Company ceased operations on August 31, 2023 and made an assignment in bankruptcy on Sept 12, 2023. MNP Ltd. was appointed as trustee. (the "**Trustee**").

CLASS I - Stocks of merchandise

The Company's inventory consisted of firearms, and authentic police/military wardrobes and accessories. Prior to the bankruptcy Gunslingers had the inventory appraised and marketed for sale. According to the appraisal reports:

Firearms

- The inventory has a very limited market and is the subject of continuous scrutiny as a result of safety and handling regulations.
- The sensitive and regulated nature of the property requires constant supervision and verification processes.
- Recent economic events and the writer's strike have adversely affected the potential market for these assets.
- The disposal of these items cannot involve selling to the public.

- The valuation of restricted and prohibited firearms was based on a charitable donation of same to a museum.

Wardrobe

- property appraised included a total of 5120 assorted pieces consisting mostly of law enforcement and military-related items that include caps, hats, legwear, shirts, jackets, boots, shirts, belts, coveralls, gloves, holsters and protective gear.
- As with the firearms inventory, due to the ongoing industry challenges there is a limited market for this inventory.
- Law enforcement related pieces can only be purchased by another television and movie supply company.
- As with the firearms inventory, a public sale is not possible.

The Appraiser also attempted to market all of the above inventory to other movie rental companies. They solicited offers from eight different competing companies. The only offer received was for 12 -20 pairs of police pants. One other company expressed interest but felt the shipping costs would be too high so did not submit an offer.

As there was no market for the inventory and given the highly regulated nature of the assets and restrictions of the Business Class License, as well as the risk to public safety if the authentic police/military outfits were made available to the public, the assets were transferred to a newly incorporated business owned by Rossman prior to the bankruptcy.

CLASS II - Plant, machinery, equipment, and office

There was no equipment owned by the Company.

CLASS III - Buildings and real estate

The Company did not own real estate.

CLASS IV - Books and records

The Trustee has received the books and records required to administer the bankruptcy.

CLASS V - Other assets

None known.

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

There are no conservatory or protective measures to be taken.

2. Carrying on business

The Company's operations ceased prior to bankruptcy.

SECTION C - Legal proceedings

As mentioned previously the shareholder brought in in 2019 had initiated legal action against the Company claiming damages of \$500,000 for failure to provide his expected return on investment.

SECTION D - Provable claims

Creditor Class	Per Statement of Affairs	Proven
Deemed Trust	\$nil	\$nil
Secured	\$nil	\$nil
Preferred	\$nil	\$nil
Unsecured	\$225,982	\$410,163
Total	\$225,982	\$410,163

Secured creditors

There are no known secured creditors.

SECTION F - Anticipated realizations and projected distribution

The Trustee does not anticipate there will be a distribution in this bankruptcy estate.

SECTION G - Reviewable transactions and preferential payment

As previously stated, all inventory owned by the Company was transferred to a newly incorporated company owned by Rossman. The assets were transferred in part payment of outstanding wages owing to Rossman. No additional compensation was paid. Rossman advises this transfer was not done with a view to giving himself a preference over other creditors but was instead done to safeguard these high-risk assets as they could not be sold to any other qualified purchaser. If a qualified purchaser could be identified the Trustee believes this transaction should be considered preferential.

SECTION H - Other matters

The Trustee has received a third-party deposit of \$12,000 from Rossman to cover the fees and disbursements of the bankruptcy in the event asset realizations are insufficient.

Dated at London, Ontario this 29th day of September 2023.

MNP Ltd.
Licensed Insolvency Trustee of
Gunslingers Inc.



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



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IN THE MATTER OF THE BANKRUPTCY OF
GUNSLINGERS INC.

Carrying on business in the Village of Waterdown,
in the Province of Ontario

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