

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE BANKRUPTCY OF
HAPPY FISH INC.

ORDINARY ADMINISTRATION

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

BACKGROUND

Happy Fish Inc. (“**Happy Fish**” or the “**Company**”) is a provincially registered corporation located in Surrey, British Columbia.

A search of the British Columbia Corporate Registry Performed on December 22, 2023, indicated that Company’s directors are Christine Yvette Grant and Kenneth Campbell Grant (the “**Directors**”). The Company operated as a retail business, focusing on sales of hydrotherapy products, such as hot tubs.

ASSIGNMENT IN BANKRUPTCY

The Company incurred net losses in the fiscal year-ended January 31, 2023, which continued into fiscal year 2024. The Company made a voluntary assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* effective January 5, 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 January 8, 2024.

ASSETS

The Statement of Affairs filed in the bankruptcy reported Other Property valued at \$350,000.00. These assets include hot tubs, jacuzzies, and other hydrotherapy items, inventory and warehouse equipment (the “**Assets**”).

The Company and Able Auctions entered into an auction agreement for the sale of the Assets prior to the date of the bankruptcy. The value reported on the Statement of Affairs is the initial estimated realization provided by Able Auctions. Final net realization from these assets will be confirmed following the auction, which is scheduled for January 27, 2024.

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 proofs of claim have been filed with the Trustee and represent \$268,133 in total creditor claims.

	Statement of Affairs	Filed
Secured creditors	\$442,629.53	Nil
Preferred creditors	Nil	\$33,546.72
Unsecured creditors	\$918,811.06	\$234,585.83
Total	<u>\$1,361,440.59</u>	<u>\$268,132.55</u>

There were not any significant differences between the claims filed and claims listed on the Statement of Affairs.

SECURED CREDITORS

According to a British Columbia Personal Property Registry search performed on December 22, 2023, Wells Fargo Capital Finance Corporation Canada (“Wells Fargo”) and The Bank of Nova Scotia (“Scotiabank”) have registered security interests against the Company’s assets.

Wells Fargo Capital Finance Corporation Canada (“Wells Fargo”)

Wells Fargo has a general security agreement over all of the Company’s present and after acquired personal property in relation to funds advanced under a floorplan financing arrangement.

The Trustee obtained an independent legal opinion regarding the security held by Wells Fargo who determined it to be valid and enforceable.

The Bank of Nova Scotia (“Scotiabank”)

Scotiabank has a general security agreement over all of the Company’s present personal property and personal property acquired in the future.

As of the date of this report, neither Wells Fargo nor Scotiabank have 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 Trustee reviewed the T4 Summary prepared by the Company, which indicated that for the year ending December 31, 2023, there was a balance due of \$62,364.27. CRA is in the process of performing an audit of the Company’s payroll trust accounts.

To date, a proof of claim has not been received from CRA in relation to the unremitted payroll source deductions. The Trustee will engage in correspondence with CRA for the purpose of confirming the deemed trust amounts owing to CRA.

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 current assets.

The Directors provided information regarding amounts owing to employees as of the date of bankruptcy. The Trustee provided notice regarding the Wage Earners Protection Program (“WEPP”) to all employees, and the Trustee is in the process of administering the claims of employees through WEPP.

The estimated priority claim for wages and compensation is estimated to be \$8,332.86.

PREFERRED CREDITORS

Landlords

Landlords are afforded a priority for unpaid rent for a period of three months immediately preceding the bankruptcy and accelerated rent for a period not exceeding three months following the bankruptcy if entitled to accelerated rent under the lease.

UNSECURED CREDITORS

The Statement of Affairs reports total unsecured creditors of \$1,011,440.59, which includes the estimated deficiency of secured creditors. 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

All of the Company’s assets were removed from the Company’s premises prior to the bankruptcy and are subject to an auction agreement. The net proceeds from the auction will be the sole realizable asset for the bankruptcy estate. The Trustee will continue to engage in correspondence with Able Auctions to confirm the net proceeds from the auction and will collect the same.

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 attended leased premises but did not take possession of the Company’s assets, as the assets were subject to an auction agreement with Able Auctions prior to the bankruptcy assignment.

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

Eric Mitterndorfer provided the Trustee with a retainer in the amount of \$32,500 to be used for the Trustee’s professional fees.

ESTIMATED REALIZATION

The Trustee expects to realize proceeds from the auction and will distribute the proceeds according to legal priority. The total recovery from the assets is unknown at this time.

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 24th day of January, 2024.

MNP Ltd.

In its capacity as Licensed Insolvency Trustee
of the Bankrupt Estate of
Happy Fish Inc.
and not in its personal capacity



Seamus Boyle CPA, CIRP, LIT
Vice President