

CANADA
District of Ontario
Division No.: 02 - Sudbury
Court No.: 31- 459175
Estate No.: 31- 459175

TRUSTEE'S PRELIMINARY REPORT
IN THE MATTER OF THE BANKRUPTCY OF
NAUSS PLUMBING & HEATING INC.
OF THE CITY OF GREATER SUDBURY
IN THE PROVINCE OF ONTARIO

Licensed Insolvency Trustee ("**Trustee**"): MNP Ltd.

The information contained in this Preliminary Report has been prepared from the available books and records of the Company (as such term is later defined). 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

On November 13, 2020, on the application of Canadian Imperial Bank of Commerce ("**CIBC**"), MNP Ltd. ("**MNP**") was appointed as Receiver (the "Receiver") of all the assets, property and undertakings of Nauss Plumbing & Heating Inc. ("Nauss" or the "Company") by Order of the Ontario Superior Court of Justice (the "**Court**"). Nauss operated a plumbing and contracting business in the Greater Sudbury and surrounding areas.

On February 26, 2021, on the application of CIBC, the Company was adjudged bankrupt by Order of the Court naming MNP as Trustee subject to affirmation by creditors at the First Meeting of Creditors.

On March 5, 2021, the Notice to Creditors advising of the bankruptcies and the First Meetings 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 *Sudbury Star* newspaper on March 10, 2021.

SECTION B – PRELIMINARY EVALUATION OF ASSETS AND SECURITY INTERESTS

Assets

All the Company's assets are in the possession and control of MNP in its capacity as Receiver and being realized upon in accordance with various Orders of the Court.

Security Interest

MNP in its capacity as Receiver has obtained a legal opinion that, subject to the standard assumptions and qualifications, the security held by CIBC is valid and enforceable.

SECTION C – BOOKS AND RECORDS

MNP in its capacity as Receiver has taken possession and control of certain the Company's available books and records necessary for the administration of these proceedings.

SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

MNP in its capacity as Receiver has taken possession and control of the Company's assets.

SECTION E – PROVABLE CLAIMS

The Company's Statement of Affairs ("SOA") was prepared based on information available to MNP in its capacity as Receiver. The claims of creditors as per the SOA and the claims filed as at 10:00 am on March 18, 2021 are summarized below:

	<u>Statement of Affairs</u>	<u>Claims as Filed</u>
Secured/Deemed Trust	\$ 1,763,253	\$ Nil
Preferred	Nil	Nil
Unsecured	488,266	Nil
	<u>\$ 2,251,519</u>	<u>\$ Nil</u>

SECTION F – LEGAL PROCEEDINGS, TRANSFERS AT UNDER-VALUE AND PREFERENCE PAYMENTS

Legal Proceedings

To date, the Trustee has not commenced any legal proceedings.

Transfers at Under-Value and Preference Payments

The Trustee is still in the process of completing its review of the Company's books and records generally in order of identifying any potential transfers at undervalue or preference payments. The scope of the review will be limited to a review of disbursements made in the 12 months preceding bankruptcy and inquiries with management. The Trustee will discuss this matter and any findings with the Inspector(s), if elected at the First Meeting of Creditors.

SECTION G - ANTICIPATED REALIZATIONS AND PROJECTED DISTRIBUTION

Based on the amount of CIBC's secured debt and other priority charges, the Receiver does not anticipate a distribution to any unsecured creditors.

SECTION H - OTHER MATTERS

The Trustee has a limited \$10,000 guarantee from CIBC in respect of its fees.

Dated at Toronto, Ontario this 18th day of March 2021.

MNP LTD.
Trustee of the Estate of
Nauss Plumbing & Heating inc.
Per:



Jerry Henechowicz, CPA, CA, CIRP, LIT
Senior Vice President