

District of: Ontario
Division No. 05 - London
Court No. 35-2824109
Estate No. 35-2824109

TRUSTEE'S PRELIMINARY REPORT
IN THE MATTER OF THE BANKRUPTCY OF
Quality Fertilizers Inc.

Trustee: MNP Ltd.

SECTION A - Background

Quality Fertilizers Inc. (the “Company”) was incorporated on September 05, 2007. It was an owner managed business operating in Shakespeare, ON. The registered director of the Company is Charles Dunsmore.

The Company was a producer of agricultural fertilizer. It dealt in various products including organic fertilizer, grass seeds and soil amendments. In 2019 an employee fraud was uncovered. Several hundred thousand dollars were stolen by the employees, who were ultimately charged and found guilty by the court. When the fraud was uncovered it was discovered that CRA and supplier accounts, which Dunsmore thought were being kept current, were actually significantly in arrears. One creditor was owed \$350,000 and CRA was owed over \$400,000 for unremitted HST and Source Deductions. Dunsmore struggled to settled these debts, including borrowing against a farm owned personally to inject money into the business; however, was ultimately unable to pay the insurmountable debt. The business was shut down in 2019 and Dunsmore spent 3 more years paying what he could to CRA, which he is no longer able to do.

The Company made an assignment in bankruptcy on April 25, 2022 and MNP Ltd. was appointed as trustee. (the “Trustee”).

CLASS I - Stocks of merchandise

The Company did not own any inventory at the time of bankruptcy.

CLASS II - Plant, machinery, equipment, and office

The Company did not own any assets at the time of bankruptcy.

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

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

The business was shut down prior to bankruptcy. The Trustee has taken no conservatory or protective measures.

2. Carrying on business

The Company's operations ceased all operations in 2019.

SECTION C - Legal proceedings

There are no legal proceedings the Trustee is aware of.

SECTION D - Provable claims

	As per Statement of Affairs	Claims Received to Date
Unsecured	\$749,048.17	Nil
Preferred	Nil	Nil
Secured	Nil	Nil
Deemed trust	Nil	Nil
Total	\$749,048.17	Nil

SECTION E - Secured creditors

There are no creditors with registered security.

SECTION F - Anticipated realizations and projected distribution

There is no distribution expected in this estate.

SECTION G - Reviewable transactions and preferential payment

The Trustee has reviewed the bank statements for twelve months preceding bankruptcy and found no evidence of reviewable transactions or preference payments.

SECTION H - Other matters

The Trustee has received a deposit of \$10,000 from Charlie Dunsmore to cover the fees and disbursements of the bankruptcy.

Dated at London, Ontario this 11th day of May 2022.

MNP Ltd.
Licensed Insolvency Trustee of
Quality Fertilizers Inc.



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

London
Court No. **35-2824109**
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IN THE MATTER OF THE BANKRUPTCY OF
Quality Fertilizers Inc.

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

TRUSTEE'S PRELIMINARY REPORT

MNP Ltd.
1002 - 148 Fullarton Street
London, ON N6A 5P3