

District of:OntarioDivision No.08-WaterlooCourt No.35-2994532Estate No.35-2994532

#### TRUSTEE'S PRELIMINARY REPORT

# IN THE MATTER OF THE BANKRUPTCY OF SO CHIQ STUDIO INC.

Trustee: MNP Ltd.

SECTION A - Background

So Chiq Studio Inc. ("**So Chiq**" or the "**Company**") was incorporated in May 2017. The sole director is Ioan Arba (aka Johnny Arba). The Company operated a hair design studio in leased premises at 42 Bridgeport Road East.

So Chiq struggled with low sales and operating losses for several years. The problems were compounded by lengthy shut downs brought on by the Covid lockdowns. The financial statements at August 31, 2023 report a retained earnings deficit of \$247,000 and a loss for the year of \$45,500. The company had accumulated HST debt with Canada Revenue Agency of approximately \$70,000 and used the full amount available on its line of credit.

Effective May 30, 2023 So Chiq ceased operations and sold all of its assets in a non-arms length transaction. The full proceeds of sale were paid to So Chiq.

On October 5, 2023 So Chiq made an assignment in bankruptcy. MNP Ltd. was appointed as trustee. (the "Trustee").

CLASS I - Stocks of merchandise All equipment was sold in the previously discussed non-arms length transaction.

CLASS II - Plant, machinery, equipment, and office All equipment was sold in the previously discussed non-arms length transaction.

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 None known.

## SECTION D - Provable claims

Creditor Class	Per Statement of Affairs	Proven
Deemed Trust	\$nil	\$nil
Secured	\$nil	\$60,000
Preferred	\$nil	\$nil
Unsecured	\$241,108	\$15,681
Total	\$241,108	\$75,681

### **Secured Creditors**

Your Neighbourhood Credit Union ("**YNCU**") has registered general security against the Company on the *Personal Property Security Act* Registry and filed a secured proof of claim of \$60,000. There are no remaining assets to be released to YNCU.

SECTION F - Anticipated realizations and projected distribution The Trustee does not anticipate there will be a distribution in this bankruptcy estate.

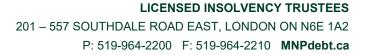
SECTION G - Reviewable transactions and preferential payment

The Trustee has reviewed the bank statements for the twelve months preceding bankruptcy and did not find any evidence of preferences or reviewable transactions.

### **SECTION H - Other matters**

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







Dated at London, Ontario this 24<sup>th</sup> day of October 2023.

MNP Ltd. Licensed Insolvency Trustee of So Chiq Studio Inc.

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







 Division No.
 08-Waterloo

 Court No.
 35-2994532

 Estate No.
 35-2994532

IN THE MATTER OF THE BANKRUPTCY OF SO CHIQ STUDIO INC.

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

TRUSTEE'S PRELIMINARY REPORT

MNP Ltd. 557 Southdale Road East, Suite 201 London, ON N6E 1A2

