

District of Ontario
Division No. 14-Parry Sound
Court No.: 31-2484301
Estate No.: 31-2484301

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE BANKRUPTCY OF
1664499 ONATRIO INC.
OF THE COMMUNITY OF ROSSEAU
IN THE PROVINCE OF ONTARIO

TRUSTEE'S PRELIMINARY REPORT

DISCLAIMER:

One of the underlying principles of the Bankruptcy and Insolvency Act, is that of creditors' control. The Act provides for a First Meeting of Creditors to discuss the collective interest of the creditors in the administration of the bankrupt's estate.

The purpose of the First Meeting of Creditors is to consider the affairs of the bankrupt, affirm the appointment of the Trustee (or substitution of same), appointment of 1-5 inspectors and to give further direction to the Trustee as may be necessary.

Readers are cautioned that this report is only to provide creditors information gathered by the Trustee to date, so that their collective interests can be discussed at the First Meeting of Creditors. However, the Trustee has not audited or verified the information provided to it in anyway, unless noted otherwise.

The contents of this report should be considered "for general information purposes only" and not definitive.

SECTION A - BACKGROUND & CAUSES

1664499 Ontario Inc o/a Jt & Son Masonry & Stonekraft . (the "Bankrupt" or the "company") filed an assignment in bankruptcy on the 11th day of March, 2019 and Goldhar & Associates Ltd. was appointed Trustee of the estate.

The Company was incorporated in the Province of Ontario on June 23, 2005 and has been operating as a trucking & transport company.

The sole director on the date of bankruptcy is John Tait. Shareholders on the company are Joh Tait at 51% shares and his wife, Lorraine Tait at 49% shares.

The bankrupt advised the trustee that:

"Corporation is in the business of masonry and stone construction. Sole director of the company was John Tait .

Corporation used the services of an outside bookkeeper JC McKenzie to manage the day to day accounting in Quick books. Shareholders trusted that all accounts were managed properly.

Shareholders have no special knowledge of or education of accounting or taxes and they completely blindly trusted service providers in their community to complete accounting and taxes on their behalf.

Following a CRA audit for the period 2011-2013 the corporation retained Mr. John Groski CPA to dispute assessments and correct errors and assumptions.

Between the taxpayer and the service providers involved the file was mismanaged, held for long periods without results with CRA Appeals and the Tax Court. the accountant failed to inform the shareholders and the shareholders failed to follow up on their file.

Consequently the client missed critical deadlines with CRA appeals, confused the Tax Court with respect to the 3 separate dispute filed and set when in motion a series of events that they have been desperately trying to correct since.

All of this has been beyond the capacity of the shareholders to comprehend and it has been extremely difficult for them to understand and rectify. The related costs involved have been debilitating.

Shareholders attempted to correct the errors at significant cost by hiring Tax Audit Solutions.

Shareholders have currently filed disputes of HST, submitted late filed tax appeals for shareholders and corporation to be reviewed at a hearing of the Tax Court March 12, 2019 and are in receipt of additional proposed assessments that can at this date be disputed.

T-1 returns have been submitted declaring all income from the corporation. Corporate returns remain unfilled as this was considered a lower priority at the time in question given the serious matters ongoing.

CRA has incorrectly assessed corporate net profits under subsection 152 (7). Tax Audit Solutions reviewed the corporate QB files and moved all draws noted to the shareholders as income on the T-1 return. The taxpayer has been subject to double taxation but at this time they feel completely overwhelmed by the complexity of the matter and the costs involved to continue on with disputes.

The shareholders have taken the decision to stop spending money disputing the CRA assessments at hand as this is draining financial resources and will continue on for years before it is resolved.

The shareholders have weighed the matter and determined that it is highly questionable if they will ever be able to rectify the 5-6 different assessments raised against them."

On March 21, 2019, the Trustee caused notice to be published in the National Post newspaper advising of the bankruptcy and the date of the first meeting of creditors and the Notice along with the Statement of Affairs were mailed to all known creditors on March 12, 2019.

SECTION B - ASSETS

The Statement of Affairs sworn on March 11, 2019, lists no assets owned by the Bankrupt at the date of the bankruptcy.

SECTION C - CONSERVATIVE AND PROTECTIVE MEASURES

(a) Books and records and carrying on business

The Trustee has requested the books and records be brought up to date and then the Trustee will report to the inspectors when appointed.

SECTION D - LEGAL PROCEEDINGS

There currently have been no legal proceedings brought to the attention of the Trustee's office.

SECTION E - PROVABLE CLAIMS as at April 1, 2019 at 1:00pm.

Creditor Type	Put in ()	As per Stmt of Affairs	Input ()	Filed to Date
Unsecured	(2)	\$224,243.98	(0)	Nil
Totals	<u>(2)</u>		<u>(0)</u>	<u>Nil</u>

The Trustee has received 0 proxies.

A copy of the claim register up to April 1, 2019 is attached.

SECTION F - ANTICIPATED REALIZATION AND PROJECTED DISTRIBUTION

The Trustee does not anticipate any distribution.

SECTION G - REVIEWABLE TRANSACTIONS AND PREFERENCES

From the information provided by the debtor on their statement of affairs, there does not appear to be any transfers at under value or preferences payments. Creditors may have directions in this regard.

SECTION H - OTHER MATERIAL MATTERS NOT COVERED ABOVE

Conflict - The Trustee has billed a third party for its fees and disbursements for 1664499 Ontario Inc. in the amount of \$4,500.00 plus HST which is not estate funds.

The Trustee will also be seeking directions from the creditors/inspectors on the following matters:

- i) Affirmation of Trustee's appointment;
- ii) Appointment of inspectors
- iii) Appointment of Estate Solicitor if necessary;
- iv) Any other matters which may arise at this first meeting;

Dated at Mississauga, Ontario this April 1, 2019.

Goldhar & Associates Ltd.
Trustee 
5045 Orbitor Drive, Building 7, Suite 400
Mississauga, ON L4W 4Y4

Attachments :

- i) Claims register*