

District of Ontario
Division No. 06-WINDSOR
Court No.: 35-2476802
Estate No.: 35-2476802

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE BANKRUPTCY OF
KLASSENS EXPRESS INC.
OF THE TOWN OF WHEATLEY
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

Klassens Express Inc. (the "Bankrupt" or the "company") filed an assignment in bankruptcy on the 20th day of February, 2019 and Goldhar & Associates Ltd. was appointed Trustee of the estate.

The Company was incorporated in the Province of Ontario on April 15, 2015 and has been operating as a trucking & transport company since June 2015.

The directors/shareholders at the date of bankruptcy are Franz & Aganetha Klassen each owning 50% of the shares. Aganetha Klassen was authorized at the meeting of directors dated February 18, 2019 to execute all the bankruptcy documents.

The Debtor advised the trustee that;

"Klassens Express Inc. began going down when in August 2016, a driver was 10 hours late to an appointment resulting in around \$25,000 penalty that the driver wasn't willing to pay. The driver then quit not wanting to deal with the consequences and left the debt to Klassens Express Inc. More drivers then began to quit as a result of this incident of the employee of whom made it difficult for the debtor to maintain employees within in the company. The insurance company

wouldn't insure the new drivers for the company. The company pleaded with creditors who were unwilling to wait for payment as cash flow was becoming very tight as a result of this penalty. The company was unable to keep up with payments on their truck payments which resulted in the finance companies repossessing all the equipment(trucks). As a result of losing their equipment(trucks) the company was unable to make enough money and meet contracts to sustain the business, which has resulted in the insolvency of the company."

On February 28, 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 February 21, 2019.

SECTION B - ASSETS

The Statement of Affairs sworn on February 19,2019, lists no assets owned by the Bankrupt at the date of the bankruptcy.

All equipment (trucks) have been picked up by the individual leasing/finance companies as a result of nonpayment on secured loans.

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

1. Small Claims Court on July 4, 2017: 1874705 Ontario Inc. is a corporation doing business as "Electric Funds Source" who provides "Cardlock" services with and for ESSO , Pilot Flying J, and TA Petro to commercial and fleet vehicles. The amount of the claim is \$25,000.00.
2. Statement of Claim dated December 14, 2017: Equirex Vehicle Leasing 2007 Inc. for the sum of \$99,900.73 for outstanding amounts as per Lease Agreement.
- 3.Statement of Claim filed on December 14, 2017: Bodkin Capital Corporation and Bodkin Leasing Corporation in the sum of \$86,375.93 for outstanding amounts under Lease Agreements.
4. Statement of Claim filed on October 26, 2018: Dailmer Truck Financial in the sum of \$106,679.84 for outstanding amounts as per Lease Agreements.

4. Judgement dated October 31, 2018: Equirex Vehicle Leasing 2007 Inc. for the sum of \$46,169.65 for outstanding amounts as per Lease Agreement. Statement of claim was filed on August 22, 2018.

Note: Stays of proceedings – bankruptcies

- **69.3 (1)** Subject to subsections (1.1) and (2) and sections 69.4 and 69.5, on the bankruptcy of any debtor, no creditor has any remedy against the debtor or the debtor's property, or shall commence or continue any action, execution or other proceedings, for the recovery of a claim provable in bankruptcy.
- **End of stay**
 - (1.1) Subsection (1) ceases to apply in respect of a creditor on the day on which the trustee is discharged.

Court may declare that stays, etc., cease

69.4 A creditor who is affected by the operation of sections 69 to 69.31 or any other person affected by the operation of section 69.31 may apply to the court for a declaration that those sections no longer operate in respect of that creditor or person, and the court may make such a declaration, subject to any qualifications that the court considers proper, if it is satisfied

- (a) that the creditor or person is likely to be materially prejudiced by the continued operation of those sections; or
- (b) that it is equitable on other grounds to make such a declaration.

SECTION E - PROVABLE CLAIMS as at March 13, 2019 at 10:00am.

Creditor Type	Put in (0)	As per Stmt of Affairs	Input (0)	Filed to Date
Unsecured	(17)	\$589,697.50	(3)	\$297,898.17
Totals	<u>(17)</u>		<u>(3)</u>	<u>\$297,898.17</u>

The Trustee has received 0 proxies.

A copy of the claim register up to March 13, 2019 listing all of the claims filed and admitted to the date of this report is attached.

Note: Rights of creditor to vote

- *Pursuant to s. 109(1) of the BIA... "A person is not entitled to vote as a creditor at any meeting of creditors unless the person has duly proved a claim provable in bankruptcy and the proof of claim has been duly filed with the trustee before the time appointed for the meeting."*

Persons not entitled to vote

(3) The following persons are not entitled to vote on the appointment of a trustee – and except with the permission of the court and on any condition that the court may impose, the following persons are not entitled to vote on the appointment of inspectors:

- *(a) the father, mother, child, sister, brother, uncle or aunt, by blood, adoption, marriage or common-law partnership, or the spouse or common-law partner, of the bankrupt;*
- *(b) where the bankrupt is a corporation, any officer, director or employee thereof; and*
- *(c) where the bankrupt is a corporation, any wholly owned subsidiary corporation or any officer, director or employee thereof.*

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 Klassens Express Inc. in the amount of \$8,000.00 inclusive of 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 March 13, 2019.



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

Attachments :

- i) *Claims register*

Goldhar & Associates Ltd.

Claims Register

In the matter of the bankruptcy of
 KLASSENS EXPRESS INC.
 of the Town of Wheatley, in the Province of Ontario

Insolvency Date: 20-Feb-2019
 Estate Number: 35-2476802

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
Preferred creditors						
1. Peter Braun WEPP	No	Not proved	D.1	3,757.00		
Total : Preferred creditors				3,757.00		
Unsecured creditors						
1. 1874705 Ontario Inc. sc-17-00057815-0000	No	Not proved		29,000.00		
2. Bennington Financial Services Corp. 35963,88745,ZUUU1509 & ZVRN1604	Yes	Admitted			289,452.15	289,452.15
3. Bodkin Leasing Corporation 4700/17	No	Not proved		87,000.00		
4. Credit Bureau of Canada Collection (formerly RecoverCorp Inc.) Attn: Administration 5102237	No	Not proved		11,932.00		
5. Credit Bureau of Canada Collections Attn: Client Services 5102236	No	Not proved		3,345.00		
6. Ives T35281B	No	Not proved		6,443.95		
7. Kempenfelt Vehicle Leasing 4701/17	No	Not proved		99,000.00		
8. Kempenfelt Vehicle Leasing cv 18-00008111-0000	No	Not proved		46,169.65		
9. Kronis, Rotsztain, Margles, Cappel LLP Attn: Zeenat Sindha cv-18-00009010-0000	No	Not proved		106,679.84		
10. LBC Capital 800-0507324-001	No	Not proved		79,000.00		
11. Peter Braun WEPP	No	Not proved		3,757.00		
12. Quick Truck Permits & Authorities	No	Not proved		1,927.51		
13. TD Auto Finance - VFC Bankruptcies c/o Bankruptcy Highway Attn: Lephie Rotundo 0366-5225320	Yes	Admitted		5,082.21	5,073.72	5,073.72
14. TD Canada Trust Visa Attn: CC&R Insolvency and Credit Counselling	No	Not proved		10,297.22		
15. TD Canada Trust Attn: CC&R Insolvency and Credit Counselling 45207100313736472808	Yes	Admitted		3,757.30	3,372.30	3,372.30
16. TD Canada Trust Attn: CC&R Insolvency and Credit Counselling LOC	No	Not proved		13,305.82		
17. TPine Leasing CV 18-27176	No	Not proved		69,000.00		

Claims Register for KLASSENS EXPRESS INC. - Concluded

Insolvency Date: 20-Feb-2019

Estate Number: 35-2476802

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
18. Workplace Safety and Insurance Board Attn: c/o Collection Services 6199322	No	Not proved		14,000.00		
Total : Unsecured creditors				589,697.50	297,898.17	297,898.17
Grand Total:				593,454.50	297,898.17	297,898.17