

Province of Ontario
Division No.: 09
Court / Estate No.: 31-2868298

**IN THE MATTER OF THE BANKRUPTCY OF
CAPITAL BUILD CONSTRUCTION MANAGEMENT CORP.
OF THE CITY OF VAUGHAN,
IN THE PROVINCE OF ONTARIO**

CAPITAL BUILD CONSTRUCTION MANAGEMENT CORP. (“Debtor” or the “Bankrupt” or “CBCM”) was deemed to have made an assignment in bankruptcy on the **4th day of October 2022** after it failed to file cash flow statements required by the act when filing a Notice of Intention (“NOI”) to make a Proposal.

Goldhar & Associates Ltd has been appointed by the office of Superintendent of Bankruptcy as the trustee of the estate of the bankrupt subject to affirmation by the creditors in the first meeting of creditors.

The First meeting of creditors will be held on October 24, 2022 at 01:00 PM Via zoom using link <https://us06web.zoom.us/j/82153890692?pwd=RHZOZFpyamUvM2RkUUhqaklVdmVyQT09>
Meeting ID: 821 5389 0692; Passcode: 178604 and at the trustee’s office located at 5045 Orbitor Drive, Suite 400, Building 7, Mississauga, ON L4W 4Y4.

The statement of affairs, enclosed with the creditors package, provides details on the current financial position of the Debtor, and lists out the assets and liabilities owned by the Debtor.

The trustee in this report provides its findings re the affairs of the Bankrupt Debtor and seeks instructions from the creditors or inspectors, if appointed, on certain matters.

To participate in any dividend distributions, creditors must submit to the Trustee a properly completed proof of claim, together with a Statement of Account attached thereto as Schedule “A” (collectively referred to as the “Claim”).

Filing your Claim is sufficient notice to us of any disagreement you may have with respect to the amount reported due to you in the attached documents. The completed Claim can be delivered to the Trustee’s office by mail, courier, facsimile, electronic mail, or in person.

Creditors are encouraged to attend the creditors meeting. Creditors can also appoint a person to represent them at the creditors’ meeting by submitting a properly completed proxy form with the proof of claim form. The proxy may be given in favour of the Trustee or any individual representing you. All corporations must name a proxy.

- **Limitation**

The information in this report is provided to assist the creditors in evaluating the affairs of the bankrupt corporation. the Trustee has not been able to verify the statement of affairs provided by

the officer of bankrupt corporation (not sworn) and has relied on the recent draft financial statements, compiled by the internal bookkeeper of the bankrupt corporation and the discussion with management. The draft financial statements are as provided by the bankrupt and is neither reviewed nor audited and the Trustee is not expressing an opinion with respect to the validity, accuracy or the reliability of the information contained herein.

Please note that Any creditor/stakeholder relying on the information contained herein should do so at their sole discretion.

A. Background

CBCM was incorporated on August 26, 2014, under the Ontario Business Corporation Act to carry on the business of construction management.

The details of ownership, directors, and officers, of the bankrupt corporation, is noted below:

Name	Shareholding	Director	Designation
Michael. J Smith	100%	Yes	President / Officer of the Bankrupt Corporation

B. Reasons for Insolvency as advised by the Debtor

The debtor was involved in the construction and management of multiple projects with a major developer (hereinafter referred to as the “Go-To” projects). The developer could not meet its obligations to its creditors and several of its projects ended up being in receivership. The debtor allegedly had substantial receivable for the work done or being done in relation to the Go-To projects and with the projects of developer being placed into receivership, the cash flows of the debtor were adversely affected.

Also, two other projects (hereinafter referred to as “CB11” and “273” being developed by related corporations of the debtor, related through its management) wherein the debtor was involved and had significant receivable for the work done or being done, also ended up being put under Receivership further affecting the cash flows of the debtor.

Owing to above, the debtor was unable to meet its obligations towards the creditors as they fell due and filed a Notice of Intention to make a Proposal to its creditors on September 23, 2022. Thereafter, the debtor failed to file cash flow statements required by the act when filing a Notice of Intention (“**NOI**”) to make a Proposal and was deemed to have made an assignment in bankruptcy on October 4, 2022.

C. Operations -

As advised by the officer of bankrupt corporation, there are no active operations as on date of bankruptcy.

D. The Trustee's Duties under Section 16(3) of the Bankruptcy Act :

❖ Leased Premises and Equipment

The debtor was operating out of leased premises located at Suite # 200, 280 Applewood Cres. Vaughan, ON. The operations have ceased as on the date of bankruptcy; however, the lease for the premises is current as advised by the officer of bankrupt corporation as there are still assets/equipment located at the premises.

The last payment towards rent for the premises was made on September 15, 2022 and there are arrears for rent. The matter of termination/disclaimer of lease will be discussed at the first meeting of creditors and the trustee will be seeking instructions from the creditors or inspectors (if appointed) during the first meeting of creditors.

There are no other leased equipment/assets with the debtor as on date of bankruptcy as advised by the officer of bankrupt corporation. However, the trustee is in receipt of a secured proof of claim from one of the creditors, regarding alleged lease of assets by the debtor corporation. The trustee has note reviewed or verified the claim at this time and the said claim is discussed in detail later in this report.

❖ Owned Assets, Stocks/Inventory

The Summary of assets, as per the draft financial statements compiled by the management (not reviewed or audited) as at September 23, 2022 is listed below:

Description	Net Book Value as per draft financial statements as on September 23, 2022	Estimated Realizable Value
Computers (including Software) (Refer Note 1 below)	13,356.00	4,715.00
Office Furniture and Fixtures (Refer Note 1 below)	21,856.33	
Leasehold Improvements (Refer Note 2 below)	35,633.25	Nil
Inventory (Refer Note 3 below)	Nil	Nil
Others (Refer Note 4 below)	Nil	Nil
Total	\$ 70,845.58	4,715.00

Note 1: Computers and Office Furniture & Fixture

The trustee had engaged the services of Corporate & General Appraisers to provide an estimated valuation for the assets of the debtor and the appraiser had visited the office premises located on 280 Applewood Cres. The estimated realizable value is based on the appraisal provided by the appraiser.

Note 2: Leasehold Improvements

The officer of bankrupt corporation has advised that the leasehold improvements are affixed to the structure of the leased premise and are not realizable. No value has been ascribed to the same by the valuer as per the appraisal report from Corporate & General.

Note 3: Inventory

The officer of bankrupt corporation has advised that there is no inventory as on the date of bankruptcy.

Note 4: Others - CRA

As per the statement of account dated September 22, 2022, for the source deduction account of the corporation with CRA, there appears to be a credit balance of \$ 158,303.25. The trustee had inquired into the potential refund, and it has been advised by the internal book keeper of the corporation that the credit balance will get adjusted against the source deduction once the T4 summary for the year 2022 is filed with CRA and that there is not likely to be any refund for the estate.

❖ Books and Records

The officer of the bankrupt corporation has provided the trustee with draft financial statements compiled by the management (not reviewed or audited) as at September 23, 2022. The officer of the bankrupt corporation has also advised that the HST returns have been filed upto the reporting period ended on July 21 2022 and as per the Notice of Assessment dated September 14, 2022 provided to the trustee, there are no arrears.

The Corporate Tax Returns have also been filed upto the tax year ended July 2021 and as per the Notice of Assessment dated February 3, 2022 provided to the trustee, there are no arrears

The Trustee is not in possession of the books or records of the corporation at this time, however, the officer of bankrupt corporation has acknowledged to extend necessary cooperation to allow access to the historic records as may be required.

❖ Receivables and Work in Progress

A summary of receivables as per the draft financial statements compiled by the management (not reviewed or audited) as of September 23, 2022 is listed below:

Description	Net Book Value as per draft financial statements as on September 23, 2022	Estimated Realizable Value
2735447 Ontario Inc.	183,993.98	Refer Note 1 below
CB 11 South Woodbridge Corp.	36,653.25	
Go To Major Mackenzie South Block LP	371,525.59	Refer Note 2 below
Go To Glendale Avenue – Oliver Lane	584.16	
Go To Niagara Falls Eaglevalley	245,185.67	
Go To Niagara Falls (Chippawa)	36,494.09	
Go To 4691 Aurora Road	1,720.85	
Total	\$ 876,157.59	--

Note 1

As advised by the officer of the bankrupt corporation, 2735447 Ontario Inc. and CB 1 South Woodbridge Corp. are related to CBCM, the bankrupt corporation, through common management. Both the corporations noted above, currently has Ernst & Young Inc. appointed as the Receiver of all of the assets, undertakings and properties of the said corporations.

As per the information made available to the trustee, CBCM has filed a claim under construction lien for the work done or being done on both these projects and has also registered the construction lien over the title of respective property.

The amount claimed under construction lien for said projects is noted below:

Description	Municipal Location of the Real Property	Amount of Claim under Construction Lien
2735447 Ontario Inc.	177, 185 And 197 Woodbridge Avenue, Vaughan, Ontario	2,000,665.00
CB 11 South Woodbridge Corp.	7397 Islington Avenue, Vaughan, Ontario	722,070.00
Total		2,722,735.00

Note 2 :

As advised by the officer of bankrupt corporation, the bankrupt was working on several of the Go-To Projects and owing to financial difficulties and/or other issues, KSV Restructuring Inc. was appointed as the Receiver and Manager for several of the Go-To Projects. The appointment of receiver allegedly adversely affected the cash flows of the bankrupt corporation.

As per the proof of claim form made available to the Trustee, CMCM, prior to bankruptcy, filed a claim in the ongoing receivership of various Go-To companies. A summary of claims filed is listed below:

Claim Against	Secured Claim	Unsecured Claim	Total Claim	Remarks regarding Secured Claim
Go-To Eagle Valley Co.	\$1,902,985.60	\$314,600.23	\$2,217,585.83	A construction lien with instrument no. SN705925 was registered against the property with the PIN 64269-0559 on January 20, 2022
Go-To Eagle Valley LP				
250 Co	\$116,729.60	0.00	\$116,729.60	The claim is in relation to invoice 1402 in the amount stated which was issued by claimant's corporation to 2506039 Ontario Limited o/a GO-TO 4951 Aurora Road for the construction project at 4951 Aurora Road

Claim Against	Secured Claim	Unsecured Claim	Total Claim	Remarks regarding Secured Claim
Go-To Chippawa Co.	\$300,830.64	\$22,692.66	\$323,523.30	A construction lien with instrument no. SN709670 was registered against the property with PIN 64258-0110 and 64258-0713 on January 20, 2022
Go-To Chippawa LP				
Go-To Glendale Co. (See Note 1 below)	\$303,210.95	\$2,469.16	\$305,680.11	A construction lien with instrument no. NR602584 was registered against the property with PIN 46415-0949 on January 20, 2022
Go-To Glendale LP				
Go-To Major Mackenzie I Co.	\$1,333,613.70	\$14,110.38	\$1,347,724.08	A construction lien with instrument no. YR3359663 was registered against the property with the PIN 03139-47, 03139-48, 03139,49, 03139-50, 03139-51 and 03139-52 on December 22, 2021
Go-To Major Mackenzie I LP				
Go-To Major Mackenzie II Co.				
Go-To Major Mackenzie II LP				
Total	\$3,957,370.49	\$353,872.43	\$4,311,242.92	

The Trustee has not reviewed any of the claims filed by CBCM for its validity or recoverability in the ongoing receivership proceedings of the Go-To entities and is presently in an information gathering stage for supporting documents related to above claims, including, but not limited to, the details for various liens noted on the proof of claim form. The details of liens mentioned above is a reproduction from the proof of claim forms and have not been reviewed or verified by the Trustee at this time.

Note 1: As per the most recent communication dated October 20, 2022, the Receiver has rejected the claims filed by CBCM against Go-To Glendale Avenue LP and Go-To Glendale Avenue Inc. for \$305,680.11. The trustee, at the first meeting of creditors, will be seeking instructions from the creditors or inspectors, if appointed regarding whether or not to dispute the disallowance and the costs associated to it.

All other claims, noted above, are currently under review with the Receiver ads per the correspondence dated October 14, 2022.

Other Assets

As advised by the officer of bankrupt corporation, CBCM owned a condo located at 11-71 Marycroft Av., Woodbridge, ON L4L 5Y6 which was purchased sometime in 2018 and sold around summer of 2019. The asset was fully encumbered and proceeds were used to pay-off the mortgage to BDC. The said facts have not been reviewed or verified by the Trustee.

Also, the trustee is in receipt of a secured claim, secured by assets, allegedly leased by CBCM. The trustee has not reviewed or verified the said claims at this time and these claims are discussed in detail later in this report.

E. Employees

As per the details made available to the trustee, the debtor had 7 employees whose employment was terminated during the six months prior to the filing of NOI. The trustee is currently in the process of making an assessment of eligible wages owed to them. The trustee expects that the assessment will likely result in some amount being identified as a priority claim, payable to the employees under section 81.3 of the BIA.

The trustee will be administering the payout under Wage Earners Protection Program (WEPP) and assisting the employees as per the terms of WEPP.

The trustee has been advised that the Record of Employment has been completed and issued for each of the 7 employees recently terminated.

F. Legal Proceedings

As per the records made available to the Trustee and information continuously being received by the trustee after its appointment, the debtor is involved in certain litigations as a defendant. The two identified matters are noted below:

Sr No.	Court File No.	Matter	Remarks
1	CV-21-00075246-0000	Niagara North Standard Condominium Corporation No. 281 – Plaintiff and Multiple defendants, including CBCM	A statement of claim has been filed and the matter is currently sub-judice. The trustee has requested the former management to provide details regarding the matter and is currently waiting for a response.
2	CV-19-00070576-0000	Erin MacMillan and others – Plaintiff and Multiple defendants, including CBCM	The matter relates to a third party claim and the matter is currently sub-judice. The trustee has requested the former management to provide details regarding the matter and is currently waiting for a response.

No claim has been filed at this time by the defendants in either of the matter, in the bankruptcy of CBCM.

G. Conservatory and Protective Measures

The trustee has not taken possession of the assets reported by the bankrupt on its statement of affairs.

The trustee had engaged the services of Corporate & General Appraisers to provide an estimated valuation for the assets of the debtor and the appraiser had visited the office premises located on 280 Applewood Cres and provided the estimated realizable value of identified assets as \$4,715.00. Given the value of the assets, the trustee considered it prudent to not take possession of the assets and/or the leased premises. As advised to the trustee, the debtor is in possession of the premises and the officer of bankrupt corporation has acknowledged to the trustee that the debtor will continue to hold the assets and will not sell, dispose or otherwise deal with the assets without the prior written approval of the trustee.

The trustee, at the first meeting of creditors, will be seeking instructions from the creditors or inspectors, if appointed regarding the disclaimer of lease for 280 Applewood Cres., Concord, ON and the disposal of assets located at the said premises.

H. Provable Claims

The Trustee sent out the Notice of Bankruptcy and the First Meeting of Creditors on October 12, 2022 to all known creditors of CBCM, through email, fax or regular mail, as per the details provided by the debtor.

The claims of creditors as per the debtor's Statement of Affairs ("**SOA**"), not sworn, and the claims received by the Trustee as of 5.00 pm, October 14, 2022 are summarized below:

Creditors Group	Statement of Affairs		Claim as Filed	
	No. of Creditors	Value (\$)	No. of Creditors	Value (\$)
Unsecured Creditors	21	2,173,217.02	3	10,180,208.29
Preferred Creditors	--	--	--	--
Secured Creditors (Note 1)	1	895,000.00	6	1,561,164.24
Total	22	3,068,217.02	9	11,741,372.53

- The Trustee is not aware of any preferred or trust claims at this moment, except for a potential claim from the landlord for arrears of rent for the period prior to the bankruptcy.
- The Trustee continues to receive fresh claims on an everyday basis and is also receiving continuous requests for information related to various claims filed by or against CBCM.
- To date, the Trustee has not reviewed any of these claims for validity. A detailed review shall be conducted prior to the distribution of dividend, if any.

I. Secured Creditors

- Royal Bank of Canada (RBC) Claim

RBC has filed a secured proof of claim with the trustee through their counsel Harrison Pensa LLP for the total outstanding loan facilities in the amount of \$1,209,757.89 as on the date of bankruptcy.

The Trustee has reviewed the PPSA Registration via search conducted on September 23, 2022 (file currency upto September 22, 2022) and the charge registered by RBC is reflected in the said search.

The trustee has been advised that the credit facilities of RBC are personally guaranteed by the officer of bankrupt corporation upto \$ 900,000.00.

- Bodkin, a division of Benington Financial Corp.

Bodkin has filed a secured Proof of Claim with the trustee for the outstanding leases in the amount of \$351,406.35.

The Trustee has reviewed the PPSA Registration via search conducted on September 23, 2022 (file currency upto September 22, 2022) and the charge registered by Bodkin is reflected in the said search. On initial inquiry made by the trustee regarding said charge, it was advised that the leases pertain to a separate entity, however, the claim for outstanding value of leases has been filed by Bodkin against CBCM.

Note regarding Secured Proof of Claims

At this moment, the Trustee has not reviewed any of the secured claims for its validity or enforceability and will be seeking direction at the first meeting of creditors, from the creditors or inspectors, if appointed, as to the assessment regarding validity of secured proof of claims filed so far.

As per the PPSA search conducted on September 23, 2022, a summary of the registered charges is listed below for reference:

Sr No.	Charge Holder	Description
1	Royal Bank of Canada	Please refer Para I, secured creditors.
2	Cameron Stephens Financial Corporation	The trustee is in receipt of an unsecured proof of claim for \$ 6,980,208.29 for the obligations of Go-To Major Mackenzie South Block LP and Go-To Major Mackenzie South Block II LP, allegedly guaranteed by CBCM. The POC has not been reviewed by the Trustee for its validity or admissibility at this point.
3	Canada ICI Capital Corporation	The security description as per PPSA report indicates it relates to assignment of accounts owing by CB 11 South Woodbridge Corp. No

Sr No.	Charge Holder	Description
		claim has been received by the Trustee to this date.
4	Bodkin, a division of Bennington Financial Corp. (3 Registrations)	Please refer Para I, secured creditors.
5	Meridian Onecap Credit Corp.	No claim has been received by the Trustee to this date.

J. Appraisal

The trustee engaged Corporate and General Appraisers to provide an appraisal for the value of assets owned by the Debtor. The Appraiser visited the premises located on 280 Applewood Cres., Upper Level, #2, Concord, Ontario on September 23, 2022 to inspect the assets of the business located thereat.

The estimated realizable value of office furniture, fixtures, computers, equipment, etc has been appraised as \$ 4,715.00. A copy of the appraisal can be provided to the creditors upon request.

K. Anticipated Realizations and Projected Distributions

Based on the available appraisal, the potential realization from tangible assets is expected to be nominal. The trustee is unable to offer any comments regarding the potential recovery from the receivables or other lien claims asserted by CBCM against other entities (related) or its former clients (Go-To Projects) at this time.

L. Reviewable Transactions and Preference Payments

The trustee has not conducted a detailed review of the books and records of the company to determine the extent, if any, of any preferences or transactions at undervalue. Also, there are no funds in the estate to cover the costs associated to a detailed investigation and the creditors are advised that as per sec 38 of the BIA, the creditors may obtain an order from the court authorizing them to take over the proceeding in their own name and their own expense and risk.

M. Other Matters

- Elisa McHugh, bookkeeper of the corporation had retained the services of Goldhar Consulting & Tax Services Inc for personal matter and paid professional fee of \$20,340 (inclusive of taxes) on September 23, 2022 and later referred the director of debtor corporation to Goldhar & Associates. This fact has also been disclosed by the trustee on the Estate Information Summary filed by the Trustee with the Official Receiver.
- Documents related to the bankruptcy of Capital Build Construction Management Corp. are available on the Trustee's website at <https://www.shedthedebt.ca/corporate-engagements/>
- The officer of the bankrupt company has not been examined by the Official Receiver as per Section 161 of the BIA. However, the Trustee, creditors or inspectors may request one to be conducted, if required.

- The Trustee, at the first meeting of Creditors, will seek instructions/directions from the creditors or inspectors (if appointed) on the following matters:
 - a. Appointment of Inspectors, if any
 - b. Appointment of Estate Solicitor, if necessary
 - c. Approval of Trustee's actions, as listed on the preliminary report
 - d. Disclaimer of Lease
 - e. Disposal of Assets
 - f. Directions regarding the way forward for recovery of potential receivables/claims filed by CBCM
 - g. Any other matter, as discussed during the meeting.
- On October 14, 2022, a newspaper advertisement was placed in Financial Post section of National Post newspaper, informing creditors about the bankruptcy and the date and time of the meeting of creditors.

Dated at the City of Mississauga in the Province of Ontario, this 21st day of October 2022

Goldhar & Associates Ltd – Licensed Insolvency Trustee

Trustee of the estate of Capital Build Construction Management Corp., a Bankrupt Debtor
and not in personal or corporate capacity

Per: Richard Goldhar, CIRP, LIT