

Province of Ontario
Division No.: 12
Court No.: 33-3138394
Estate No. : 33-3138394

**IN THE MATTER OF THE BANKRUPTCY OF
THE LOFT SALON INC. O/A THE LOFT BEAUTY BOUTIQUE
OF THE CITY OF CORNWALL
IN THE PROVINCE OF ONTARIO**

TRUSTEE'S PRELIMINARY REPORT

The Loft Salon Inc. (the “Debtor” or the “Bankrupt”) made an assignment in bankruptcy on the 8th day of October 2024.

Goldhar & Associates Ltd. (the “Trustee”) 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 at the first meeting of creditors.

The first meeting of creditors will be held on October 24, 2024, at 10:00 AM at the Trustee’s office located at 1220 Eglinton Ave. W., Toronto, ON and Via Zoom

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

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

To vote at the creditors meeting or 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”). 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. 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. The Trustee has relied on the recent draft financial statements, compiled by the management of the Bankrupt and the discussion with management. The financial information is as provided by the Bankrupt and is neither reviewed nor audited and the Trustee does not express 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

The Bankrupt was incorporated on February 17, 2017, as an Ontario corporation and engaged in beauty salon and hair care business. The registered address of the corporation is 130 Pitt Street, Cornwall, Ontario. The Debtor ceased operations in April, 2024.

The details of the officer/director and shareholder of the corporation are set out below:

Name	Director	Shareholder
Chantale Elise Dixon	Yes	No

B. Causes of Insolvency

The cause of bankruptcy as advised by the Officer of the Debtor are noted below and has not been verified by the Trustee for validity or accuracy.

Subsequent to the Covid-19 pandemic, the company, already struggling with lower business volume, increased costs and mounting debts, was further impacted by restrictions aimed at controlling the virus spread and significant staff turnover. This led to cash flow issues and difficulties in servicing debt. Ultimately, the debtor was unable to meet ongoing costs and saw no possibility for business revival, leading to an assignment in bankruptcy.

C. The Trustee's Duties under Section 16(3) of the Bankruptcy and Insolvency Act

❖ Leased Assets/Premises

There are no leased premises at the date of bankruptcy.

The officer of the Debtor has advised that the Debtor had previously leased certain equipment which are set out below :

Description	Book Value/ Appraised Value	Estimated Realizable Value	Remarks
Machinery: 2023 Elite IQ Workstation, Parts & Accessories (Leased)	Unknown	Nil	See Note 1 Below
Various Beauty/Spa Equipment (Leased)	Unknown	Nil	See Note 2 Below

Note 1: Machinery (2023 Elite IQ Workstation, Parts & Accessories)

This equipment was leased from Equirex, part of Bennington Financial Corporation. The officer of the Debtor has advised that the lease was transferred to another corporation prior to the

bankruptcy and that there was no equity in the said asset at the time of transfer. The details of transfer as requested by the Trustee have not been provided to date.

The Trustee is in receipt of a secured proof claim from Equirex along with a request for the release of interest in the said leased equipment. The Trustee has responded to Equirex and advised them that the Trustee has not taken possession of the said leased equipment and that the Trustee will be seeking instructions from the creditors at the first meeting of the creditors or from the Inspectors, if appointed regarding the release of interest in the said assets.

Note 2: Equipment (Various Beauty/Spa Equipment)

This equipment was leased from Mitsubishi HC Capital Canada Leasing Inc. The officer of the Debtor has advised that the lease was transferred to another corporation prior to the bankruptcy and that there was no equity in the said asset at the time of transfer. The details of transfer as requested by the Trustee have not been provided to date.

❖ Books and Records

The officer of the Debtor has advised that the corporate tax return has been filed for the reporting period ended October 31, 2023, and the HST return has been filed for the reporting period ended April 30, 2024.

The Trustee, at this time, does not have in its possession the entire accounting and bookkeeping backup for prior years, including the bank statement and cancelled cheques, or copies of past returns filed, as sought by the Trustee. However, the officers of the Debtor have indicated they will extend the necessary support and cooperation to the Trustee in providing access to available records of the corporation, as required and/or assisting in completing any pending tax returns or assisting with providing any information as may be required by the CRA or other creditor.

The officer of the Debtor is aware about the pending tax returns and has advised that she will be working with her accountant to complete the compliance.

❖ Owned Assets, Equipment

Description	Book Value/ Appraised Value	Estimated Realizable Value	Remarks
Esthetic Accessories Lighting, Fridge, Styling and shampoo chairs	\$2,000.00	Nil	See Note Below

Note 3: Esthetic Accessories, Lighting, Fridge, Styling and Shampoo Chairs.

The Debtor owns certain assets including a fridge, lighting, esthetic chairs, styling chairs and shampoo chair, estimated to have a realizable value of approximately \$2,000.00. The Trustee had discussed the matter of sale of these assets with a licensed bailiff and there has been no interest for these assets.

The said assets are in the possession of the officer of the debtor and considering the estimated realizable value of the assets and likely costs associated with possession, transportation, storage,

safekeeping, insurance, selling costs, etc, the Trustee has not taken possession of the said assets and will be seeking instructions from the creditors at the first meeting of the creditors or from the Inspectors, if appointed regarding the disposal of the said assets.

D. Employees

As advised by the officer of the Bankrupt, the Debtor did not have any employees in the past six months prior to the date of Bankruptcy. The Trustee does not expect to be administering WEPP.

E. Legal Proceedings

As per the records made available to the Trustee and information received by the Trustee, the Bankrupt is involved as a defendant, in a default judgment with Business Development Bank of Canada under Court file #CV-24-00096881-0000. A notice of stay of proceedings was provided to the plaintiff’s counsel and the Court pursuant to the bankruptcy of the Debtor.

F. Conservatory and Protective Measures

The Trustee has decided not to take possession of the assets, as it appears that the costs associated with realizing the assets would likely exceed their potential value.

G. Provable Claims

The Trustee sent out the Notice of Bankruptcy and the First Meeting of Creditors on October 10, 2024, to all known creditors of the Corporation, through email, fax, or regular mail, as per the details provided by the debtor.

The claims of creditors as per the debtor’s sworn Statement of Affairs (“**SOA**”), and the claims received by the Trustee as of 5:00 PM, October 23, 2024, are summarized below.

Creditors Group	Statement of Affairs		Claim as Filed	
	No. of Creditors	Value (\$)	No. of Creditors	Value (\$)
Unsecured Creditors	13	298,448.13	3	146,210.38-
Preferred Creditors	--	--	--	--
Deemed Trust Claim	-	-	--	--
Secured Creditors	5	595,331.46	1	121,781.97
Total	18	893,779.59	-	267,992.35

Note : The amount owing to Equirex and Mitsubishi were unknown at the file of filing and were reported as \$ 1 on the Statement of Affairs.

H. Secured Creditors

The Trustee has reviewed the PPSA Registration via search conducted on August 13, 2024 (file currency August 12, 2024), and there appears to be five (5) charges registered by the following creditors against the Debtor.

Name of the Creditor	Amount	Remarks
Caisse Desjardins Ontario	419,000.00	<p>As advised by the debtor, this mortgage is for another corporation and is guaranteed by the Bankrupt Corporation.</p> <p>The Trustee has sent the notice of bankruptcy Caisse Desjardins Ontario and has not filed a proof of claim with the Trustee.</p>
Cornwall & The Counties Community Futures Development Corporation	140,000.00	<p>As advised by the debtor, this loan was provided during the Pandemic to help businesses continue their operations, the debts is guaranteed by another related corporation.</p> <p>The Trustee has sent the notice of bankruptcy to Cornwall & The Counties Community Futures Development Corporation and has not filed a proof of claim.</p>
Equirex, a division of Bennington Financial Corporation	121,781.97	Leased equipment as noted at paragraph C of this report under Leased Assets and Equipment
Mitsubishi HC Capital Canada Leasing Inc.		Leased equipment as noted at paragraph C of this report under Leased Assets and Equipment
Royal Bank of Canada	36,329.46	<p>The debtor has advised that the Line of Credit with the Royal Bank of Canada was offered when the Bankrupt Corporation opened an account with the bank.</p> <p>The Trustee has sent the notice of bankruptcy to Royal Bank of Canada and has not filed a proof of claim.</p>

The Trustee has provided the notice of bankruptcy to the secured creditors and has received a proof of claim from Equirex.

The Trustee is not aware of any Deemed Trust Claims at this time.

I. Anticipated Realizations and Projected Distributions

The Trustee does not anticipate any distribution to the unsecured creditors at this time.

J. 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 with a detailed investigation and the creditors are advised that 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.

K. Other Matters

- Chantale Dixon had retained the services of Goldhar Consulting and Tax Services and paid a professional fees of \$11,000 plus HST on April 29, 2024 and later referred the debtor. This was also reported by the Trustee on the Estate Information Summary submitted to the Office of the Superintendent in Bankruptcy.
- Documents related to the bankruptcy of Debtor are available on the Trustee's website at <https://www.Goldhar.ca/corporate-engagements/>.
- On October 15, 2024, a newspaper advertisement was placed in the Financial Post newspaper, informing creditors of the bankruptcy of the Bankrupt, and advising of the date and time of the first meeting of creditors.

Dated at the City of Toronto in the Province of Ontario, this 23rd day of October 2024

Goldhar & Associated Ltd. – Licensed Insolvency Trustee
Trustee of the estate of
The Loft Salon Inc., a Bankrupt
And not in personal or corporate capacity

 *Parneet Singh*

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Per: Parneet Singh, CIRP, LIT