

Province of Nova Scotia
Division No.: 1 Halifax
Court No.: 45929
Estate No. : 51-3143664

**IN THE MATTER OF THE BANKRUPTCY OF
DTN LABS INC.
OF THE CITY OF SYDNEY
IN THE PROVINCE OF NOVA SCOTIA**

TRUSTEE'S PRELIMINARY REPORT

DTN Labs Inc. (the “Debtor” or the “Bankrupt”) made an assignment in bankruptcy on October 22, 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 November 7, 2024 at 12:00 PM at the Trustee's office located at 465 George Street, Unit B 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.

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 Debtor is a Nova Scotia corporation, incorporated on December 21, 2004. The Debtor operated restaurant business focused on healthy food options. The Debtor formerly operated from two stores located at 390 Charlotte St. and 1125 King Road in Sydney, Nova Scotia.

Both locations have been closed and the business has been inactive since October, 2023.

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

Name	Director	Shareholder
Colin Wayne Miller	Yes	Yes (100%)

B. Causes of Insolvency

The cause of bankruptcy as advised by the President of the Bankrupt is noted below and has not been verified by the Trustee for validity or accuracy.

As advised by the officer of the Bankrupt, the covid-19 pandemic presented considerable challenges for the restaurant business.

Multiple waves of the pandemic and the related restrictions to limit the spread of the pandemic necessitated the general population to mostly remain indoors and also many employees switched to working from home. This greatly reduced the clientele and resulted in the closure of one of the business locations.

After the Covid-19 pandemic restrictions were lifted, Hurricane Fiona caused significant damaged to the roof of the second location, preventing operations. The business struggled to recover from the additional damage while the revenue was also severely affected and remained insufficient to cover ongoing cost. With no hopes for a revival of the business, the Debtor ceased operations and filed for bankruptcy.

C. Operations

There were no operations on the date of bankruptcy.

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

❖ Leased Premises and Equipment

There are no leased premises, asset or equipment at the date of bankruptcy

❖ Books and Records

The officer of the Bankrupt has advised that the Corporate Tax Return has been filed for the reporting period ended October 31, 2021, and also advised the HST Return has been filed up to the reporting period ended October 31, 2022.

The Trustee, at this time, does not have in its possession the entire accounting and bookkeeping backup for prior years, including cancelled cheques, or copies of past returns filed, as sought by the Trustee. However, the officers of the Bankrupt 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 of the pending tax returns and has advised that he will be working with his accountant to complete the compliance.

❖ **Assets**

The officer of the Debtor has advised that there are nominal remaining assets at the date of bankruptcy including a panini press, a blender and an old refrigerator having a potential realizable value of approximately \$100. Considering the estimated realizable value and the costs associated with possession, transportation, storage and safekeeping, the Trustee has not taken possession of the said assets.

The Trustee, at the first meeting of the creditors, will seek instructions from the creditors or inspectors, if any are appointed, regarding the disposal of these assets.

The officer of the Debtor has advised that one of assets being pizza oven was sold for \$600 and the proceeds were used by the Debtor.

E. Employees

As advised by the officer of the Corporation, there were no employees within six months prior to the date of bankruptcy. The Trustee does not expect to be administering Wage Earners Protection Program (“**WEPP**”).

F. Legal Proceedings

There are no active litigation matters wherein the Bankrupt is involved as a defendant or plaintiff.

G. Conservatory and Protective Measures

There were no assets at the date of bankruptcy.

H. Provable Claims

The Trustee delivered the Notice of Bankruptcy and the First Meeting of Creditors on November 7, 2024, to all known creditors of the Bankrupt, 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, November 6, 2024, are summarized below.

Creditors Group	Statement of Affairs		Claim as Filed	
	No. of Creditors	Value (\$)	No. of Creditors	Value (\$)
Unsecured Creditors	9	211,686.63	2	83,299.14
Preferred Creditors	--	--	--	--
Secured Creditors	3	130,001.00	--	--
Total	12	341,687.63	2	83,299.14

I. Secured Creditors

The Nova Scotia Personal Property Search was conducted by the Trustee on September 16, 2024, and there appears to be three registered security charges. The Trustee has provided the notice of bankruptcy to all secured creditors.

The Trustee is not aware of any deemed trust or preferred claim at this time.

J. Anticipated Realizations and Projected Distributions

The Trustee does not anticipate any realization for any creditors in this estate.

K. 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.

L. Other Matters

- Colin Wayne Miller provided a deposit in the amount of \$9,500 (inclusive of HST) on August 1, 2024, and the funds are currently being held in our third-party trust account. This has also been reported by the trustee on the Estate Information Summary submitted to the Official Receiver at the time of initial filing.

Subsequent to the filing, the Trustee was provided with an additional deposit \$2,000 by Mr. Miller and currently the Trustee is holding the entire \$ deposit in the amount of \$ 11,500 in the third party trust account.

- Documents related to the bankruptcy of Debtor are available on the Trustee’s website at <https://www.Goldhar.ca/corporate-engagements/>.
- On October 31, 2024, a newspaper advertisement was placed in The Cape Breton 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 Sydney in the Province of Nova Scotia, this 6th day of November, 2024

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



Per: Leonard Shaw, CIRP, LIT