

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE BANKRUPTCY OF
1585396 ONTARIO INC. o/a AAA TRADING CO.
OF THE CITY OF MISSISSAUGA, PROVINCE OF ONTARIO**

TRUSTEE'S REPORT ON PRELIMINARY ADMINISTRATION

BACKGROUND

1. On December 22, 2009, the Ontario Superior Court of Justice issued an Application for Bankruptcy Order against 1585396 Ontario Inc. o/a AAA Trading Co. ("**AAA Trading**" or the "**Company**") that was commenced by the State Bank of India (Canada) (the "**Bank**") (the "**Application for Bankruptcy Order**"). The Application for Bankruptcy Order was scheduled to be heard by the Registrar in Bankruptcy (Nettie) on January 11, 2010.
2. On December 23, 2009, the Bank filed for and obtained an *ex parte* Order pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"). Pursuant to the Order of this Honourable Court dated December 23, 2009 (the "**Appointment Order**"), Deloitte & Touche Inc. was appointed as interim receiver (the "**Interim Receiver**") without security, of all the assets, undertakings and properties of AAA Trading.
3. On December 31, 2009, an Order was issued by this Honourable Court to extend the Appointment Order to the earlier of: (a) the taking of possession of the Property (as defined in the Appointment Order) by a receiver within the meaning of subsection 243(2) of the BIA; and (b) the taking of possession of the Property by a trustee in bankruptcy. Following a timetable agreed to by the Bank and AAA Trading, the Application for

Bankruptcy Order and the Company's motion to set aside the Appointment Order was scheduled to be heard on February 12, 2010.

4. On January 7, 2010, counsel for AAA Trading served a Notice of Dispute, notifying the Bank of the Company's intention to oppose the making of a bankruptcy order in respect of the Application for Bankruptcy Order.
5. On January 11, 2010, the Registrar in Bankruptcy (Nettie) directed that the Application for Bankruptcy Order be heard by the Court on February 12, 2010, in accordance with the timetable agreed between the Bank and AAA Trading.
6. On January 22, 2010, the Company served its motion to set aside the Appointment Order.
7. On February 10, 2010, the Company consented to a withdrawal of its motion to set aside the Appointment Order. Additionally, the Company consented to a bankruptcy order against it. Accordingly, on February 10, 2010, the Court granted a bankruptcy order against AAA Trading in the Application for Bankruptcy Order and Deloitte & Touche Inc. was appointed as trustee in bankruptcy (the "**Trustee**") of AAA Trading (the "**Bankruptcy Order**").

PURPOSE

8. The purpose of this preliminary report of the Trustee (the "**Preliminary Report**") is to provide this Honourable Court with an update on the activities of the Trustee since its appointment on February 10, 2010, and to request from this Honourable Court its approval to examine certain individuals before the First Meeting of Creditors and First Meeting of Inspectors, which is currently scheduled for March 2, 2010.

TERMS OF REFERENCE

9. In preparing this Preliminary Report, the Trustee has relied on the Company's books and records, including financial and management information prepared by AAA Trading, and discussions with parties associated with AAA Trading. The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the

information and, accordingly, the Trustee expresses no opinion or other form of assurance on the information contained in this Preliminary Report.

10. Unless otherwise stated, all monetary amounts contained herein are expressed in US dollars.

ACTIVITIES OF THE TRUSTEE

11. On February 10, 2010, the Company's books and records secured by representatives of Deloitte & Touche Inc., in its capacity as Interim Receiver, vested with the Trustee. A detailed listing of the books and records transferred from the Interim Receiver is attached as Exhibit "A". Additionally the Company's books and records obtained from the offices of Company's accountant (Mr. Sastry) and the six computer hard drives (five desktop and laptop computers and one external drive), which are thought to encompass all of the Company's electronic records located on the Company's premises, vested with the Trustee.
12. On February 16, 2010, the Trustee emailed the Company's legal counsel to request the assistance of Anupam Bhowmic, the Company's principal, to vet the Company's Statement of Affairs. As of the date of this report the Trustee has not received a response from Mr. Bhowmic or the Company's counsel.
13. On February 17, 2010, the Trustee sent a copy of the Bankruptcy Order, Consent to Act as Trustee, Statement of Affairs of the Company, and an Estate Information Summary to the Office of the Superintendent of Bankruptcy (the "OSB"). The certificate of appointment obtained from the OSB is attached as Exhibit "B".
14. On February 18, 2010, the Trustee sent a copy of the Bankruptcy Order, Certificate of Filing of a Bankruptcy Order, Statement of Affairs of the Company, the prescribed Form 67 – Notice of Bankruptcy & First Meeting of Creditors ("FMOC"), prescribed Form 31 – Proof of Claim, prescribed Form 36 – Proxy, and the related instructions for completing the proof of claim and proxy forms to creditors of AAA Trading. The affidavit of mailing is attached as Exhibit "C".

15. On February 18, 2010, the Trustee sent a copy of the Bankruptcy Order, Certificate of Filing of a Bankruptcy Order, Statement of Affairs of the Company, the prescribed Form 66 – Notice to Bankrupt of FMOC, prescribed Form 67 – Notice of Bankruptcy & FMOC, prescribed Form 31 – Proof of Claim, prescribed Form 36 – Proxy, and the related instructions for completing the proof of claim and proxy forms to the Company and to the Company’s counsel.

THE TRUSTEE’S INVESTIGATION OF AAA TRADING AND ATAN

16. Deloitte and Touche Inc. in its capacity as Interim Receiver examined the Company’s books and records up to and including the date of the Bankruptcy Order to assist in collecting outstanding amounts due to the Company. During this examination it was noted that Company funds may have been redirected to a related company named Atan International Inc. (“**Atan**”), a company whose registered principal is Atanu Bhowmic, the son of the principal of AAA Trading. The Interim Receiver faxed a demand letter to Atan on January 6, 2010, requesting that any AAA Trading funds that may have been directed to Atan be returned to the Interim Receiver by January 15, 2010. The letter sent to Atan is attached as Exhibit “**D**”. Atan replied via its accountant Mr. Sastry (who is the same accountant that the Company uses) indicating that no monies have been received by Atan on account of the Company. The responding letter by Atan is attached as Exhibit “**E**”.

17. Additional investigation by the Interim Receiver uncovered further evidence suggesting that AAA Trading monies have been redirected to Atan. Emails retrieved from the Company’s electronic records suggest that Atan may be in possession of the Company’s assets. The Trustee attaches a summary of the email discussions and documents as Exhibit “**F**” and the actual emails as Exhibits “**G**” to “**W**”.

18. After reviewing the documents, the Trustee has formed the preliminary view that there is a serious risk of dissipation of AAA Trading’s assets. The documents suggest that AAA Trading and Atan are operating substantially similar businesses with substantially similar customers and have commingled funds. For example, the email at Exhibit “**G**” shows

AAA Trading "receiving funds in" Atan (more than \$11,000 on December 11, 2009). Similarly, the emails at Exhibits "L", "N" and "P" show Atan funded AAA Trading's payroll in October 2009 and made other payments on AAA Trading's behalf. Finally, the emails at Exhibits "M", "T", and "V" show the two companies dealing with the same customers.

19. In short, the documents suggest that AAA Trading assets have already been transferred to Atan contrary to the statements of Atan's principal. The Trustee is not in a position to rely on the written representation of Atanu Bhowmic that Atan did not receive monies on account of AAA Trading. To the contrary, the Trustee is concerned that Atan received monies belonging to AAA Trading, which would be detrimental to the best interests of AAA Trading's creditors.

20. In such circumstances, the Trustee does not think waiting for the First Meeting of Creditors and First Meeting of Inspectors to obtain a creditors' ordinary resolution or the resolution of the inspectors to initiate section 163(1) examinations of Anupam and Atanu Bhowmic is in the best interests of the creditors. Such a delay would increase the risk of dissipation of assets. The Trustee therefore seeks the approval of this Honourable Court to examine Anupam Bhowmic (principal of AAA Trading) and Atanu Bhowmic (principal of Atan) immediately to ascertain if Atan received funds of AAA Trading and recover any Company assets that may be available for the creditors of the estate.

All of which is respectfully submitted this 19th day of February, 2010.

DELOITTE & TOUCHE INC.
In its capacity as Trustee of the estate of
1585396 Ontario Inc. o/a AAA Trading Co.
and not in its personal capacity.



Per: Paul van Eyk, CA.CIRP, CA.IFA
Senior Vice President

