

District of Alberta
Division 01 - Edmonton
Court No. 24-2542031
Estate No. 24-2542031



TRUSTEE'S PRELIMINARY REPORT
IN THE MATTER OF THE BANKRUPTCY OF
NUJEN INC.

Formerly carrying on business in the City of Edmonton, Province of Alberta

Background

On August 2, 2019, Nujen Inc. (the "**Company**") filed an assignment in bankruptcy and Deloitte Restructuring Inc. (the "**Trustee**") was appointed Licensed Insolvency Trustee.

Prior to its bankruptcy, the Company operated as a mechanical service and equipment installation contractor in Edmonton, Alberta. The Company is incorporated under the laws of Alberta and its directors are Jennifer Davis and Ryan Keith (the "**Directors**").

Notice to reader

In developing this report, the Trustee has relied upon unaudited financial information prepared by the Company's management, the Company's books and records, and discussions with its management. The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook. The Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by the Trustee in preparing this report.

Section A – Assets

Class I – Inventory

No inventory was disclosed by the Company on its Statement of Affairs.

Class II – Plant, Machinery and Equipment and Office Equipment

Equipment and tools

The Company listed, on its Statement of Affairs, equipment at an estimated value of \$4,500.00 and tools estimated at the value of \$17,000. The tools and equipment of the Company are currently being stored at the Company's former premises.

Class III – Building and Real Estate

No real property was disclosed by the Company on the Statement of Affairs. The Company's premises were leased.

Class IV – Books and Records

The books and records are being stored at the Company's former premises. The Company has delivered to the Trustee an electronic backup of the Company's accounting records. The Trustee has also requested physical copies of the payroll, GST, Canada Revenue Agency records, bank statements, and all information to assist in the collection of accounts receivable.

Class V – Other Assets

Motor vehicles

The Company disclosed on its Statement of Affairs motor vehicles at a total estimated value of \$155,000. The Directors have advised the Trustee that they intend to submit an offer to purchase certain of the Company's motor vehicles. The Trustee will evaluate the Directors' offer when received.

In the interim, the Directors have requested the continued use of the vehicles they intend to purchase, and the Trustee has agreed to permit their use, provided that insurance coverage for the vehicles is maintained, and that all Company markings be removed from the vehicles. The rest of the Company's motor vehicles are being stored at, or near, the Company's former premises.

Accounts Receivable

The Company disclosed on its Statement of Affairs accounts receivable totalling \$1,616,845. The Trustee has signified the accounts receivable, and directed that payments be made to the Trustee.

The Directors have advised the Trustee of their interest to assume and complete certain projects of the Company that are incomplete. The estate does not have the ability to complete any further work, so the Trustee does not believe the estate would be diminished by such an arrangement, if properly structured, and may enhance the Trustee's collection efforts by reducing delay charges from the general contractor. The Trustee will evaluate the Directors' proposal when received to confirm that an agreement would provide for proper payment of the amounts to which the Company is entitled.

Cash

The Trustee has signified the Company's bank account with Alberta Treasury Branch ("ATB") and requested that any funds on deposit be forwarded to the Trustee.

Section B – Conservatory and Protective Measures

The Company's mail has been redirected to the Trustee's office until the end of August 2019. The Trustee will evaluate the value of continuing to redirect mail at that time.

The Trustee has contacted the Company's insurance broker and requested that the Trustee be added to the Company's property, vehicle, and commercial insurance policies as a named insured and loss payee. The Trustee will evaluate the coverage and cost to maintain the Company's existing policies. In the interim the Trustee also maintains automatic blanket insurance coverage under its own policy for 30 days from the date of bankruptcy.

The Trustee is in possession of the keys to the motor vehicles not being used to ensure the vehicles remain secure.

Section C – Legal Proceedings

The Trustee will monitor collection of accounts receivable and will consider the benefit of legal proceedings to aid collection.

Section D – Provable Claims

Claims of unsecured ordinary creditors filed to date appear to correspond with the Company's Statement of Affairs.

Section E – Secured Creditors

Employee wages

There are unpaid wages, vacation, and severance owed to former employees of the Company in the amount of \$69,725, of which \$40,000 would be estimated to be a secured claim over the Company's current assets in priority to all creditors, pursuant to s. 81.3 of the *Bankruptcy and Insolvency Act*. The employees have been notified of the requirement to file a proof of claim and have been provided information regarding the Wage Earner Protection Program. The Trustee is not aware of any unpaid source deductions at this time.

ATB Financial

ATB was disclosed as a secured creditor with a secured claim of \$433,150 on the Company's Statement of Affairs. The Trustee has obtained a legal opinion confirming the validity and enforceability of ATB's security over all personal and after acquired property of the Company. ATB has not yet filed a proof of claim.

ATB has appointed the Trustee as its agent to realize on the Company's accounts receivable subject to ATB's security, and has agreed to allow the Trustee, in its capacity as agent, to be paid its fees from the realization of ATB's security to the extent recovered.

Ryan Keith and Jennifer Davis

The Directors have registered security over all present and after acquired property of the Company subordinate to ATB. The Trustee has obtained a legal opinion confirming the validity and enforceability of the Directors' security over all personal and after acquired property of the Company. The Directors have not yet filed a proof of claim.

Business Development Bank of Canada

The Business Development Bank of Canada ("**BDC**") has registered security over all present and after acquired property of the company. BDC has not yet filed a proof of claim.

Other secured creditors with specific security interests

- The Bank of Nova Scotia ("**BNS**") has registered security over a 2012 Land Rover Range Rover Evoque to the extent of \$15,000 disclosed on the Statement of Affairs. BNS has not yet filed a proof of claim.
- The Royal Bank of Canada ("**RBC**") has registered security over a 2014 Ford Econoline Cargo Van in the amount of \$7,200 and over a 2017 Chevrolet Express Cargo Van in the amount of 22,000 disclosed on the Statement of Affairs. RBC has not yet filed a proof of claim.
- TD Auto Finance (Canada) Inc. ("**TDAF**") has registered security on a 2014 Ford F150 to the extent of \$1,000. TDAF has not yet filed a proof of claim.

Section F – Realization and Projected Distribution

Due to the uncertainty of realization of the Company's assets and the extent of recovery to secured creditors, the Trustee is unable to provide estimated realization and recovery to unsecured creditors at this time.

Section G – Reviewable Transactions and Preference Payments

The Trustee will conduct a review for preference payments and transfers at under value in due course.

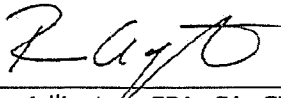
Section H - Other Matters

Mr. Keith has provided the Trustee with a \$30,000 deposit from personal funds in the event assets are insufficient for the Trustee's fees, and has also provided the Trustee with a guarantee for its fees.

Dated at the city of Edmonton, in the Province of Alberta, this 21st day of August 2019.

DELOITTE RESTRUCTURING INC.

In its capacity as Licensed Insolvency Trustee of the Estate of
NujeN Inc., in bankruptcy,
And not in its personal capacity.



Ryan Adlington, CPA, CA, CIRP, LIT
Senior Vice-President