

District of: Ontario
Division No.: 09-Toronto
Estate Number: 31-2442856
Court Number: 31-2442856

**IN THE MATTER OF THE BANKRUPTCY OF
HASHTAG ELECTRIC LTD.
OF THE CITY OF VAUGHAN,
IN THE PROVINCE OF ONTARIO**

**REPORT OF THE TRUSTEE'S PRELIMINARY ADMINISTRATION
OF THE ESTATE OF
HASHTAG ELECTRIC LTD.**

Company Background

1. Hashtag Electric Ltd. (the "**Hashtag**" or the "**Company**") was an electrical contractor which operated from one location at 155 Romina Drive, Concord, ON, L4K 4Z9 (the "**Premises**") and employed eleven people.

Insolvency Proceedings

2. According to Mr. Fabio De Angelis the financial difficulties of Hashtag was caused primarily by its costs of material increasing and its costs of skilled labour being too high. As a result, Hashtag incurred losses on certain customer contracts and could not complete others.
3. On November 13, 2018, Hashtag filed an assignment in Bankruptcy and Dodick Landau Inc. was appointed as Trustee in Bankruptcy of the Estate (the "**Trustee**").
4. Following its appointment, the Trustee distributed a Notice of Bankruptcy, a copy of the Statement of Affairs and a Proof of Claim form with instructions to all known creditors as well as placed a Notice of Bankruptcy ad in the Toronto Sun newspaper.

Assets

5. The Statement of Affairs lists accounts receivable valued at \$203,000, however, it is marked as doubtful as a portion may be subject to offset claims by customers due to Hashtag ceasing work prior to the completion of certain contracts. Hashtag has certain shop inventory and tools, however, no value was attributed to it as it was uncertain whether there is any net realizable value after considering removal, storage and selling costs.

Books and Records

6. The Trustee has received the books and records and is still in the process of reviewing them.

Conservatory and Protective Measures

7. The Trustee has taken the following conservatory measures since its appointment:
 - i. Gathered information to be used to assist with the collection of accounts receivable;
 - ii. Redirected all Company mail to the Trustee's office; and
 - iii. Took possession of books and records.

Legal Proceedings

8. There are no known legal proceedings against the Company other than for collection of unpaid amounts.

Provable Claims

9. At the date of this report, the Trustee has received three secured creditor proofs of claim totalling approximately \$99,000 from a Ford Credit Canada Limited ("Ford"). Ford's security interest is in three vehicles which are in the process of being released to Ford. Ford will then be required to mitigate its claims by the value of the vehicles returned and any remaining claim, if any, would be considered unsecured.
10. The Statement of Affairs includes six secured creditors and forty-four unsecured creditors with potential provable claims totalling approximately \$334,000, and did not include any amount payable to Ford after realizing on its security.

Secured Creditors

11. The Trustee understands The Canadian Imperial Bank of Commerce ("CIBC") provided a loan to the Company and the Company executed a General Security Agreement in favour of CIBC. At the time this report was written the Trustee had not yet received a proof of claim from CIBC, however, the Trustee understands the outstanding loan amount is approximately \$110,000.
12. Assuming the CIBC security interest is valid and enforceable as against the Trustee, all the assets would form part of CIBC's security and depending on whether, or the extent, there are any realizations which exceed the value of the amount owing to CIBC, there may not be any unencumbered assets to realize upon for the benefit of the unsecured creditors.

Anticipated Realizations and Projected Distribution

13. If CIBC's security interest is valid and enforceable as against the Trustee, the Trustee expects there will be no net realizations from the sale of the assets available for distribution to unsecured creditors, only to CIBC as secured creditor.

Transfers at Undervalue and Preferential Payments

14. To date, the Trustee has not commenced a review of the Company's records in the Trustee's possession to determine if there are any potential transfers at undervalue or preferential transactions. The Trustee will discuss these matters in more detail with any inspectors appointed at the meeting of creditors.

Third-Party Deposit

15. Prior to the commencement of the Bankruptcy proceeding, the Trustee obtained a third-party deposit of \$13,000 from Ms. Stella De Angelis as security for the costs of the Bankruptcy administration.

Dated at Toronto, Ontario, this 30th day of November, 2018.

DODICK LANDAU INC.

Trustee in Bankruptcy of the Estate of
Hashtag Electric Ltd. and not in its
personal or corporate capacity.

Per:



Rahn Dodick CPA, CA, CIRP, LIT
President