

Division of: Ontario
Division No.: Toronto
Estate Number: 31-2795123
Court Number: 31-2795123

**IN THE MATTER OF THE BANKRUPTCY OF
EL BOSCO INC.
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

**REPORT OF THE TRUSTEE'S PRELIMINARY ADMINISTRATION
OF THE ESTATE OF EL BOSCO INC.**

Company Background

1. El Bosco Inc. (“**El Bosco**” or the “**Company**”) is a privately owned company that operated in the food service industry. It operated through a space it rented in a shared kitchen (“**Cloud Kitchen**”) from where it offered private catering, and it owned/leased food trucks that participated in seasonal outdoor festivals in the Greater Toronto Area (“**GTA**”).
2. By January 10, 2022, the date of bankruptcy, the Company ceased operations and assigned itself into bankruptcy.

Insolvency Proceeding

3. El-Bosco launched its business in the summer of 2019 starting as a private caterer and participating in various festivals around the GTA. Calendar year 2020 appeared to have great potential for the Company as it was pre-booked to participate in 70 spring and summer festivals. However with the onset of the COVID-19 pandemic in March 2020, and the various lockdowns that followed, all the events that El-Bosco had been pre-booked to attend were cancelled. The Company at this time signed a contract with the Cloud Kitchen in the hopes of generating additional revenue to compensate for the challenges it had experienced. In order to purchase the additional equipment required for the Cloud Kitchen the Company obtained a high interest third-party loan from a non-traditional lender as traditional bank financing was not available to it. Despite its high hopes, the Company could not generate sufficient cash flow between the Cloud Kitchen and its food trucks to service its increased interest obligations and to meet its day-to-day operating expenses.
4. On January 10, 2022, the Company filed an assignment in Bankruptcy and Dodick Landau Inc. was appointed as Trustee in Bankruptcy of the estate (the “**Trustee**”).
5. 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 and shareholders, as well as placed a Notice of Bankruptcy ad in the Toronto Sun.

Assets

6. The Company's assets are comprised of certain kitchen equipment and a food truck which together are estimated to have a value of approximately \$50,000 (jointly the "Assets").

Books and Records

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

Conservatory and Protective Measures

8. The Trustee is working together with management of the Company to sell the food truck and to liquidate the kitchen equipment.
9. The Trustee has redirected the Company mail to the Trustee's office as a conservatory measure.

Provable Claims

10. At the date of this report, the Trustee has received 4 proofs of claim totalling approximately \$109,000.
11. The Statement of Affairs lists 26 unsecured creditors with potential provable claims totalling approximately \$400,000.

Secured Creditors

12. The Company has advised that it has two secured creditors (i) Business Development Bank of Canada ("**BDC**") in the amount of approximately \$96,280 (exclusive of interest and costs) and (ii) Thinking Capital Financial Corporation ("**Thinking Capital**") in the amount of approximately \$50,000. In support of its indebtedness, BDC holds a General Security Agreement dated April 15, 2019 over all of the Company's assets. BDC's security is registered in first priority over all of the Company's assets.
13. As events of default have occurred under BDC's security, its security has become enforceable. Accordingly, BDC delivered to the Company a demand for payment and a notice of intention to enforce its security pursuant to section 244 notice of the *Bankruptcy and Insolvency Act*. BDC advised that it intends to appoint Dodick Landau Inc. as a private receiver to realize on its security. Following Dodick Landau Inc.'s appointment as Receiver, the Trustee will retain legal counsel to provide a legal opinion of BDC's security to ensure that it is valid and enforceable.

Anticipated Realizations and Projected Distribution

14. The Trustee has entered into an agreement of purchase and sale for the kitchen equipment located in the Cloud Kitchen at a purchase price of \$12,000 plus HST. The Trustee obtained a third-party appraisal of the Company's assets and has confirmed that the purchase price of the equipment was in excess of its appraised value of \$9,200 before HST.
15. At this time, it is expected that the BDC, as the first priority secured creditor, will experience a shortfall on its loan and, accordingly, the Trustee expects that there will be no net realizations from the bankrupt Estate for distribution to the second priority secured creditor, Thinking Capital, or the unsecured creditors.

Transfers at Undervalue and Preferential Payments

16. 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.

Third-Party Deposit

17. Prior to the commencement of the Bankruptcy proceeding, the Trustee obtained a retainer from a third-party totalling \$15,000 as security for a portion of the costs of the Bankruptcy administration.

Dated at Toronto, Ontario, this 7th day of February, 2022.

DODICK LANDAU INC.

Trustee of the Estate of

El Bosco Inc. and not in its personal or corporate capacity.

Per:



Rahn Dodick CPA, CA, CIRP, LIT
President