

**Division of:** Ontario  
**Division No.:** 09 - Mississauga  
**Estate Number:** 32-2929947  
**Court Number:** 32-2929947

**IN THE MATTER OF THE BANKRUPTCY OF  
1086556 ONTARIO LIMITED  
OF THE TOWN OF BRAMPTON  
IN THE PROVINCE OF ONTARIO**

**REPORT OF THE TRUSTEE'S PRELIMINARY ADMINISTRATION  
OF THE ESTATE OF 1086556 ONTARIO LIMITED**

1. 1086556 Ontario Ltd. (o/a as Concord Furniture, "Concord" or the "Company") is a privately owned company that operated as a retail furniture store whose inventory included living room, dining room, bedroom and related household furnishings. Concord operated out of leased premises located at 200 Clarence Street, Brampton, Ontario, ("Premises").
2. By April 4, 2023, the date of the bankruptcy ("Date of Bankruptcy"), the Company had ceased operations and assigned itself into bankruptcy and Dodick Landau Inc. was appointed as Trustee in Bankruptcy of the Company ("DLI" or the "Trustee").

**Company Background**

3. Concord was founded in Toronto in 1957 and was a family run business serving the greater Toronto area. In 1994 the Company moved to Brampton and in 2012 it moved into its Premises.
4. The Company's struggles commenced with the various shut downs and stay at home orders that were brought about by the COVID-19 pandemic. The business continued to decline even after its operations were permitted by the Province of Ontario to resume normal operations. In the 13 months leading up to the Date of Bankruptcy, the Company experienced record low sales. Management advised that competition in the Brampton area had increased, and competitors began offering product at significantly lower prices which the Company could not match. Concurrent with this decline in sales, there were two rent increases at the Premises, resulting in ongoing operating losses which the Company's owners were ultimately no longer able to fund.
5. Prior to its Date of Bankruptcy, the Company self liquidated its remaining inventory ("Remaining Inventory") by way of a bulk sale to 2494186 Ontario Inc. o/a GRV Furniture & Mattress (the "Purchaser"), a competitor, which also took assignment of the Company's Premises lease, at a purchase price of \$163,716.81 exclusive of HST ("Purchase Price"). The sale transaction closed on March 31, 2023 ("Sale Transaction").
6. Prior to entering the Sale Transaction, the Company spoke with DLI about its intention to assign the Company into bankruptcy and sell the assets in bulk to the Purchaser. DLI advised the Company to allow the Trustee after the bankruptcy assignment takes effect to carry out a sales

process to maximize the sale value of the assets. However, due to the time it would take to carry out the sales process, and the additional rent that would have to be paid during the sale process, the Company was of the view that the best option was to close the sale to the Purchaser as quickly as possible by the end of March 2023 before April 2023 rent became due.

7. On April 4, 2023, the Date of Bankruptcy, the Trustee retained a third-party appraisal of the Remaining Inventory by Danbury Global (the "Appraisal"). The appraiser inspected the inventory on March 30, 2023, prior to the closing of the sale, and completed his appraisal on April 4, 2023. The Appraisal valued the Remaining Inventory on a gross forced liquidation value ("GFLV") basis at \$120,240, and on a net forced liquidation value ("NFLV") basis at \$71,069. The difference between the GFLV and the NFLV is that the NFLV is reduced by estimated rent, occupation costs and selling expenses, incurred to carry out a liquidation sale. Therefore, the Trustee notes that the Purchase Price was \$43,477 greater than the GFLV, and \$92,648 greater than the NFLV, in the Appraisal.
8. The Sale Transaction included a \$20,000 deposit received on March 15, 2023, with the balance of \$165,000 (inclusive of HST) paid on closing on March 31, 2023. Management had provided the Trustee with bank statements which indicated the proceeds from the Sale Transaction were deposited into the Company's bank account with the Royal Bank of Canada ("RBC") and were used in part to pay rent until the end of March 2023, certain vendors in the normal course of business and to repay the majority of the outstanding secured debt with RBC. Management has advised that RBC has a shortfall on its secured debt of \$30,750 at the Date of Bankruptcy as the proceeds from the sale was not sufficient to repay RBC in full.

#### **Insolvency Proceeding**

9. 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**

10. As summarized in the Statement of Affairs, the Company had no assets remaining at the Date of Bankruptcy as all its Remaining Inventory was sold pursuant to the Sale Transaction.

#### **Books and Records**

11. The Trustee has received the books and records but has not yet had an opportunity to review them.

#### **Conservatory and Protective Measures**

12. The Trustee has redirected the Company's mail to the Trustee's office as a conservatory measure.

### **Provable Claims**

13. At the date of this report, the Trustee has received one unsecured Proofs of Claim with a value of \$1,479.97.
14. The Statement of Affairs lists thirty-five unsecured creditors with potential provable claims totalling \$511,048.81.

### **Anticipated Realizations and Projected Distribution**

15. As all of the Remaining Inventory was sold prior to the Date of Filing, and the Company has no known unrealized assets, it is not expected there will be any distribution to the Company's secured or unsecured creditors in the bankruptcy proceeding.

### **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 deposit totalling \$15,000 as security for a portion of the costs of the Bankruptcy administration.

Dated at Toronto, Ontario, this 20<sup>th</sup> day of April 2023.

### **DODICK LANDAU INC.**

Acting solely as Trustee in Bankruptcy  
of the Estate of 1086556 Ontario Limited  
and not in its personal or corporate capacity.

Per:



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Rahn Dodick CPA, CA, CIRP, LIT  
President