

**TRUSTEE'S REPORT ON PRELIMINARY ADMINISTRATION**

**IN THE MATTER OF THE BANKRUPTCY OF**

**AGM WEAR LTD.**

**BKY 25-2909921**

**HUDSON & COMPANY INSOLVENCY TRUSTEES INC.**

AGM Wear Ltd. (hereinafter referred to as “**AGM**” or the “**Company**”) filed a voluntary assignment into bankruptcy pursuant to Section 49(1) of the *Bankruptcy and Insolvency Act* (“**BIA**”) on February 8, 2023 with Hudson & Company Insolvency Trustees Inc. appointed as Licensed Insolvency Trustee (“**Trustee**”) on February 9, 2023, (the “**Date of Bankruptcy**”).

The Company was a clothing and textiles manufacturing shop. It last operated from a leased premises located at Bay # 2 - 640 42nd Ave NE, Calgary AB (the “**Premises**”). The Company has a sole director, Mohamed Packir (the “**Director**”).

**SECTION A** - The Trustee's duties under Section 16(3) of the BIA:

**Class I - Stocks and Merchandise:**

- The Company's inventory was valued on the Statement of Affairs at \$89,385.00. These values were based on an appraisal (the “**Appraisal**”) the was prepared by Regal Auctions prior to the Date of Bankruptcy. The Trustee has conducted an inventory of the Company's assets.

**Class II - Machinery and Equipment:**

- At the Date of Bankruptcy, the Company owned a 2016 Jeep Cherokee and a 2018 Ford F150. Both the vehicles appear to be encumbered pursuant to a purchase money security interest. The Trustee will review the secured proofs of claim when submitted and determine if the estate has an interest in either vehicle.
- The Trustee will engage multiple auctioneers to assess the asset values and provide auction proposals to the Trustee for the estates consideration.

**Class III - Buildings and Real Estate:**

- The Company did not own buildings or real estate.

**Class IV - Books and Records:**

- The Trustee took possession of Company records on February 9, 2023.

Class V - Other Assets:

- Accounts receivable was listed on the Statement of Affairs to produce \$184,588.04. The Trustee has issued demand letters for all amounts owing to the Company and to date no amounts have been received.
- Prior to the filing of the bankruptcy assignment, AGM Wear Ltd. remitted a payment of \$40,825 to the Trustee. Such funds remain in the Trustee's trust account.

SECTION B - Conservatory and Protective Measures:

- The Premises was assigned on February 1, 2023, to Lanka Garment Ltd. ("Lanka"), a company where the Director is also registered as the sole director. Lanka is using the Premises for ongoing operations. Currently both assets of AGM and the assets purchased by Lanka, discussed below in Section G, are located at the Premises. When conducting an inventory the Trustee made arrangements to segregate the assets of AGM to ensure they are distinguishable and not used for Lanka operations.
- The Trustee has obtained an undertaking from the Director to ensure the assets of AGM are not moved, used, sold, disposed of, or subject to any action that damages or decreased the value of the assets vested with the estate.
- The Trustee has entered into an occupancy agreement with Lanka whereas the Trustee will be allowed unfettered access to the Premises for the purposes of realizing on the assets of AGM and other administration needs, at no cost.
- The Trustee obtained the insurance policy currently held in place by AGM, and notes it was transferred to Lanka. The Trustee has reached out to obtain separate insurance for the estate assets.

SECTION C – Legal Proceedings:

- None that the Trustee is aware of at this time.

SECTION D – Provable Claims:

- At the time of preparing this report, there have been several unsecured claims filed in the bankruptcy. The claims registered is attached to this report.

SECTION E – Secured Claims:

- The Trustee has reviewed the Personal Property Registry Search for the Jeep and Ford and notes both vehicles appear to be subject to a purchase money security interest. To date, no claims have been submitted.

SECTION F – Priority Claims:

- The Trustee is anticipating to receive multiple claims from employees related to earned, but unpaid, employee vacation pay, as per Section 136 of the BIA. The Trustee will review the particulars of these claims in relation to the *Wage Earner Protection Program Act*. To date, no claims have been received.

SECTION G - Reviewable Transactions and Preference Payments:

- On January 30, 2023, AGM sold equipment to Lanka for consideration of \$40,825, noted as cash on the Statement of Affairs and deposited into the trust account at the time of the assignment. The Trustee has reconciled the assets that were sold in comparison to the Appraisal and notes that the assets that were purchased by Lanka appear to be purchased at fair market value.

SECTION H - Other Matters:


- The Canada Revenue Agency (“CRA”) has submitted a claim in the amount of \$236,362.72 related to unremitted payroll source deductions, and this balance would be considered a deemed trust claim. This claim is subject to audit by the CRA.
- The Trustee has sought to enter into an Administrative Agreement with the CRA to allow for the Trustee’s reasonable fees and expenses to be paid from the assets realized through the administration of the bankruptcy, in priority to the claim of the CRA. The Trustee is waiting for a response from the CRA to this request.

SECTION I – Realization:

- The Trustee intends to engage auctioneers for proposals to be submitted for review and consideration by the Trustee and the creditors.
- At the date of this report, it is difficult for the Trustee to estimate realizations for the creditors. However, based on the Appraisal provided to the Trustee and considering the estimated priority claim of the CRA , it is not anticipated there will be any distribution to the unsecured creditors.

DATED at Calgary, Alberta, February 28, 2023

**HUDSON & COMPANY INSOLVENCY TRUSTEES INC.**

Per:   
**Breanna Burkard-Smith, Licensed Insolvency Trustee**

Hudson & Company Insolvency Trustees Inc.

Claims Register

In the Matter of the Bankruptcy of  
AGM Wear Ltd.  
of the City of Calgary, in the Province of Alberta

Insolvency Date: 09-Feb-2023

Estate Number: 25-2909921

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
<b>Preferred creditors</b>						
1. Alyona Smirnova	No	Not proved	D	2,000.00		
2. Jamaldeen, Fathima Z.	No	Not proved	D	2,000.00		
3. Liang, Qin Xian	No	Not proved	D	2,000.00		
4. Lokuge, Thushara P	No	Not proved	D	2,000.00		
5. Lou, Fion	No	Not proved	D	2,000.00		
6. Ng, Ying Xia	No	Not proved	D	2,000.00		
7. Xu, Yu Xian	No	Not proved	D	2,000.00		
<b>Total : Preferred creditors</b>					<u>14,000.00</u>	
<b>Secured creditors</b>						
1. CRA - Tax - Prairies 861684454RP001	Yes	Admitted		314,798.04		
2. Scotiabank c/o Canaccede International Management Ltd. PMSI	No	Not proved		16,380.00		
<b>Total : Secured creditors</b>					<u>331,178.04</u>	
<b>Unsecured creditors</b>						
1. 1150547 Alberta Ltd. Attn: Jon-Paul Bussoli	No	Not proved		157.49		
2. ABSA	No	Not proved		442.80		
3. ADRIAN BUSSOLI- C/C	No	Not proved		590.67		
4. ADVANCED REFRIGERATION HVAC	No	Not proved		912.80		
5. ADVANTAGE LABEL MFG.	No	Not proved		0.01		
6. Alyona Smirnova	No	Not proved		1,698.54		
7. ANDY'S MECHANICAL SERVICE'S	No	Not proved		858.62		
8. APPAREL SOLUTIONS INTERNATIONAL	No	Not proved		367.49		
9. AT ADVISORY SERVICES INC. Attn: Michael O' Brien	No	Not proved		54,234.20		
10. ATLANTA ATTACHMENT INTERNATIONAL, INC	No	Not proved		427.54		
11. AZZURRA ENTERPRISES	No	Not proved		940.00		
12. BALLAST BLANKETS (TheraCalm)	No	Not proved		595.25		
13. BANYAN COMMERCE	No	Not proved		3,780.00		
14. BDLS International Group Ltd.	No	Not proved		50.00		
15. Blake, Cassels & Graydon LLP - Vancouver	No	Not proved		2,628.00		
16. BUSY-BEE SANITARY SUPPLIES INC.	No	Not proved		380.22		

Claims Register for AGM Wear Ltd. - Continued

Insolvency Date: 09-Feb-2023

Estate Number: 25-2909921

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
17. CANADIAN APPAREL FEDERATION	No	Not proved		952.88		
18. CANZIP INC.	No	Not proved		212.99		
19. City of Calgary - Corporate / City Services Attn: Candice Holgate, Donna Samuels	No	Not proved		250.00		
20. CLEAN CLUB CALGARY	No	Not proved		1,942.50		
21. CODET-BIG BILL	No	Not proved		39,956.17		
22. COLOUR ALCHEMIST CANADA	No	Not proved		325.50		
23. COMPASS AGENCY LTD. Attn: Michael Bussoli	No	Not proved		31,317.96		
24. CRA - Tax - Prairies 861684454RP001	Yes	Admitted		78,758.04	165,792.37	165,792.37
25. CRA - Tax - Prairies 861684454RT001	Yes	Admitted		769,836.48	862,124.55	862,124.55
26. Cristina Francisco-expense	No	Not proved		315.00		
27. CURRENT CONTRACTING	No	Not proved		2,030.58		
28. Darren Jakal	No	Not proved		250.00		
29. DAVEY TEXTILE SOLUTIONS INC.	No	Not proved		2,042.38		
30. Diamex Inc.	No	Not proved		104.25		
31. Direct Energy Regulated Services Attn: Credit & Collections Centre	No	Not proved		1,056.82		
32. Doherty Schuldhaus LLP 93,132 TH	No	Not proved		1.00		
33. Edtih - Credit Card	No	Not proved		16,058.35		
34. Enmax Attn: Dina Di Rado 5026730004	Yes	Admitted			1,270.73	1,270.73
35. ENMAX Encompass Inc.	No	Not proved		5,700.80		
36. ERB Safety Products	No	Not proved		2,457.18		
37. Eurotex North America Inc.	No	Not proved		2,662.00		
38. Fabrietime Solutions	No	Not proved		1,047.90		
39. Fedex Express Canada LTD	No	Not proved		56.87		
40. Field LLP - Calgary Attn: Lisa Roy	No	Not proved		12,508.85		
41. Frenchy's Garbage Haul & Demolition Ltd.	No	Not proved		1,144.50		
42. General Industrial Sewing Machine Co. Permanently Closed	No	Not proved		10.51		
43. Gillian Stark	No	Not proved		3,064.00		
44. Hyatt Auto Sales Attn: Accounts Receivable	No	Not proved				
45. Intuit Canada Attn: Customer Loyalty and Retention	No	Not proved		87.15		
46. Italcamo Agencies Inc.	No	Not proved		1,665.93		
47. Jamaldeen. Fathima Z.	No	Not proved		470.06		
48. Jericho Logistics International Inc.	No	Not proved		2,421.72		

Claims Register for AGM Wear Ltd. - Continued

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Estate Number: 25-2909921

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
49. Joe Ruggiero (Commission)	No	Not proved		1,175.40		
50. Joto Paper Ltd.	No	Not proved		393.12		
51. Kevin Flikinger	No	Not proved		7,500.00		
52. King Athletics	No	Not proved		5.50		
53. Konica Minolta Business Solutions (Canada) Ltd. Attn: Bankruptcy Department	No	Not proved		3,175.17		
54. Liang, Qin Xian	No	Not proved		262.58		
55. Lokuge, Thushara P	No	Not proved		4,859.02		
56. Loomis Express	No	Not proved		226.41		
57. Lou, Fion	No	Not proved		544.22		
58. Mark's Corporate Office	No	Not proved		250.00		
59. Martina Carello	No	Not proved		500.00		
60. McLennan Ross LLP	No	Not proved		1.00		
61. Mid-West Quilting Co. Ltd.	No	Not proved		7,810.09		
62. Mike's Enterprises, LLC	No	Not proved		1,562.19		
63. MJC Design Ltd.	No	Not proved		2,576.63		
64. Mohamed Packir	No	Not proved		13,261.32		
65. Nasco Industries. Inc.	No	Not proved		2,225.38		
66. Nawod Embroidery	No	Not proved		1,784.00		
67. Ng. Ying Xia	No	Not proved		262.58		
68. Olds College	No	Not proved		21,900.91		
69. Outdoor Approach Ltd. Attn: Steve Bommer	No	Not proved		184.01		
70. Purolator Inc. Attn: Wayne Richard/Accounts Receivable	No	Not proved		1,337.98		
71. RBC Royal Bank Visa c/o BankruptcyHighway.com Attn: Razel Bowen	No	Not proved		15,293.63		
72. RBC Royal Bank Visa c/o BankruptcyHighway.com Attn: Razel Bowen	No	Not proved		3,056.38		
73. Rogers Insurance	No	Not proved		1,656.57		
74. Rosanna Francisco	No	Not proved		860.00		
75. Rubenstein Bros	No	Not proved		1,359.08		
76. Scotiabank c/o Canaccede International Management Ltd. PMSI	No	Not proved		28,635.05		
77. Scotiabank c/o Canaccede International Management Ltd.	No	Not proved		51,039.90		
78. Silvertip Trucking Ltd.	No	Not proved		662.29		
79. Spirit West/Outdoor Approach	No	Not proved		16,640.15		
80. Stephen Paskaluk	No	Not proved		400.00		
81. Technology Initiatives Group Ltd.	No	Not proved		10,156.02		

Claims Register for AGM Wear Ltd. - Concluded

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Estate Number: 25-2909921

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
82. TenCate Protective Fabrics (Southern Mills, Inc.)	No	Not proved		852.27		
83. The City of Calgary - Finance Department Attn: Candice Holgate	No	Not proved		250.00		
84. Thermetrics LLC	No	Not proved		352.02		
85. Tricific Enterprises Inc.	No	Not proved		3,505.78		
86. Trooper Safety	No	Not proved		5,440.00		
87. Tuan Packir	No	Not proved		136.40		
88. United Alarm System Inc.	No	Not proved		173.74		
89. UPS Canada c/o Credit Department Attn: Attention accounting (bankruptcy)	No	Not proved		184.57		
90. Westkey Graphics - Calgary	No	Not proved		2,516.30		
91. Whiteridge Inc. Attn: Bonny Rowda	No	Not proved		220.35		
92. Wildrose Garments	No	Not proved		38,210.50		
93. Wuxly Movement	No	Not proved		7,384.00		
94. Xu, Yu Xian	No	Not proved		410.80		
95. YKK Canada Inc.	No	Not proved		1,196.60		
<b>Total : Unsecured creditors</b>				1,309,161.91	1,029,187.65	1,029,187.65
<b>Deemed Trust Claim</b>						
1. CRA - Tax - Prairies 861684454RP001	Yes	Admitted		393,556.08	236,362.72	
<b>Total : Deemed Trust Claim</b>				393,556.08	236,362.72	
<b>Grand Total:</b>				2,047,896.03	1,265,550.37	1,029,187.65