



Crowe Soberman Inc.

Crowe Soberman Inc.  
Licensed Insolvency Trustee  
Member Crowe Global

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## ESTATE NO. 31-3133515

In the Matter of the Bankruptcy of  
**INNOVONIX LTD. O/A O.NIX**  
of the City of Toronto  
in the Province of Ontario

### TRUSTEE'S PRELIMINARY REPORT TO THE FIRST MEETING OF CREDITORS

#### DISCLAIMER:

*One of the underlying principles of the Bankruptcy and Insolvency Act (the “BIA”), is that of creditor’s control. The BIA provides for a First Meeting of Creditors to discuss the collective interest of the creditors in the administration of the bankrupt’s estate.*

*The purpose of the First Meeting of Creditors is to consider the affairs of the bankrupt, affirm the appointment of the Trustee (or substitution of same), appointment of 1-5 inspectors and to give further direction to the Trustee as may be necessary.*

*Readers are cautioned that this report is only to provide creditors information gathered by the Trustee to date, so that their collective interests can be discussed at the First Meeting of Creditors. However, the Trustee has not audited or verified the information provided to it in anyway, unless noted otherwise.*

*The contents of this report should be considered “for general information purposes only” and not definitive.*

#### INTRODUCTION

1. Innovonix Ltd. O/A O. Nix (the “**Company**” or “**Innovonix**”) made an assignment in bankruptcy on September 23, 2024 (the “**Filing Date**”). Crowe Soberman Inc. (“**CSI**” or the “**Trustee**”) was appointed as Licensed Insolvency Trustee of the Estate of the Bankrupt by the Official Receiver.

## **BACKGROUND**

2. According to the Ontario Profile Report, the Company was incorporated under the *Ontario Business Corporations Act* on January 31, 2012. As of the Filing Date, Mr. Luis Polifroni (“**Mr. Polifroni**”) was listed as the Company’s Director and Officer.
3. The Company operated a kitchen appliance store, specifically selling high end European cabinets and tables. As of the Filing Date, the Company’s head office and operations were located at 130 Queens Quay East, Suite 1016, Toronto, Ontario (the “**Premises**”).

## **CAUSES OF INSOLVENCY**

4. The Trustee was advised that over the last 4 years, the Company experienced a large decrease in yearly revenue. A slump in the housing market caused a decrease in demand for high end kitchens.
5. The Trustee was further advised that the Company’s insolvency can also be predicated on the inability to retain a cost effective supplier, as three of the Company’s largest suppliers closed their operations.
6. Given Innovonix’s inability to generate revenue, it could not fund operations nor make payments to its creditors. Accordingly, the Company became insolvent, and Mr. Polifroni engaged CSI to assign the Company into bankruptcy.

## **TRUSTEE'S ACTIONS TO DATE**

7. The Trustee’s actions from the Filing Date to the First Meeting of Creditors include, but are not limited to, the following:
  - a. Notifying all known creditors of the bankruptcy on October 2, 2024;
  - b. Assisting creditors in filling out the proof of claim forms;
  - c. Reviewing proofs of claim filed to date;
  - d. Placing a Notice of Bankruptcy in a local newspaper (The Toronto Sun) on October 3, 2024;

- e. Reviewing the Company's lease agreement related to the Premises;
- f. Attending the Premises, for the purpose of inspecting the Company's assets;
- g. Obtaining a list of assets possessed by Innovonix;
- h. Engaging Associated Bailiffs & CO LTD ("**AB**") for the purpose of securing the Company's assets and completing an appraisal thereof;
- i. Updating and maintaining the Trustee's website in connection with these Insolvency Proceedings; and
- j. All other statutory duties required under the *BIA*.

## **CREDITORS**

### **Secured Claims**

- 8. Transworld Business Advisors of Ontario ("**TBAO**"), filed a secured claim against the Company in the amount of \$34,465. As of the date of this report, the security interest has not been proven.
- 9. A listing of the creditors and the claims received up to the First Meeting of Creditors is attached as Appendix "A" and is summarized below:

<b>Creditor Type</b>	<b>Per Statement of Affairs</b>		<b>Proof of Claims Filed to Date</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
Trust	-	-	-	-
Secured	1	27,000.00	1	34,465.00
Preferred				
Unsecured	10	262,591.31		
Contingent	-	-	-	-
<b>Totals</b>	<b>11</b>	<b>289,591.31</b>	<b>1</b>	<b>34,465.00</b>

## **VALUATION OF ASSETS AND ANTICIPATED REALIZATION**

## **Motor Vehicle**

10. The Trustee is aware of a 2019 Mercedes Benz C-Class (“**Company Vehicle**”) belonging to the Company. The Company vehicle was fully encumbered and subject to prospective claim of a creditor. AB secured the Company vehicle for safekeeping.
11. As of the Filing Date, the Trustee is aware of showroom displays belonging to the Company, including the following items:
  - Handcrafted European Islands
  - Kitchen Tables
  - Various Kitchen Cabinets
  - Chairs
  - Various Shelves
  - 2 Fridges and 2 Freezers
  - Television
  - Miscellaneous Household Items

As Previously mentioned, each of the above assets may be fully/partially encumbered by TBAO. The Trustee intends to obtain an appraisal for each of these assets. As of the date of this report, The Trustee has yet to determine the value of the assets or benefit that could potentially accrue to the estate of the Bankrupt and/or the unsecured creditors.

12. As of the date of this report, AB is working towards securing all of the assets pertaining to the showroom displays. The Trustee will continue to work with AB to secure the remaining assets and will report back to the creditors/inspectors at a later date.

### **Accounts Receivable**

13. As of the Filing Date, the Company held accounts receivable in the amount of approximately \$9,545. The Trustee understands that prior to the Filing Date, Mr. Polifroni experienced difficulty in the collection of the accounts receivables due to disputes of the amount owed and the quality of the services provided.
14. The Trustee intends on following up and pursuing each accounts receivable balance to determine whether there is any likelihood of collectability and will report back to the creditors/inspectors at a later date.

### **TRANSFERS AT UNDERVALUE/PREFERENTIAL PAYMENTS**

15. The Trustee is currently reviewing the books and records of the Company to determine if the Company conducted any transactions that would be considered a transfer undervalue or a preferential payment, as defined under the *BIA*. The Trustee will report to the creditors/inspectors at a later date.

### **LEGAL PROCEEDINGS**

16. The Trustee is not aware of any legal proceedings currently ongoing against the estate of the bankrupt.

### **CONSERVATORY AND PROTECTIVE MEASURES**

17. The Trustee has not applied conservatory and protective measures with respect to the estate of the bankrupt.

### **CARRYING ON BUSINESS**

18. Since the Filing Date, the Trustee has not carried on the business of the bankrupt.

### **THIRD PARTY DEPOSIT**

19. Mr. Polifroni has provided a third-party deposit to the Trustee for the purpose of covering the costs of the administration of this bankruptcy.

## **OTHER MATTERS**

20. Subject to Inspector Approval, the Trustee intends on disclaiming the lease agreement in effect as of the Filing Date, with respect to the Premises.
21. The Trustee will be seeking directions from the creditors on the following matters:
  - a. affirmation of the appointment of the Trustee;
  - b. approval of all the Trustee's actions to date, including the actions outlined in this Preliminary Report;
  - c. appointment of inspectors; and
  - d. any other matters which may arise at this First Meeting of Creditors.

**DATED at the City of Toronto, in the Province of Ontario, this 17<sup>th</sup> day of October 2024.**

**CROWE SOBERMAN INC.  
Licensed Insolvency Trustee  
of the Estate of  
INNOVONIX LTD  
a Bankrupt**



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**Per: Hans Rizarri, CPA, CA, LIT**