

**Estate No: 31-3371753**

**IN THE MATTER OF THE BANKRUPTCY OF  
EMERGENCY ENERGY PRODUCTS LTD.  
A CORPORATION CARRYING ON BUSINESS  
IN THE CITY OF OSHAWA IN THE PROVINCE OF ONTARIO**

**TRUSTEE'S REPORT TO THE CREDITORS  
ON PRELIMINARY ADMINISTRATION**

**I. BACKGROUND INFORMATION**

Emergency Energy Products Ltd. (“**EEP**” or the “**Company**”) was incorporated on November 30, 2009, pursuant to the *Ontario Business Corporations Act* (Canada).

The Company’s principal place of business was located at 3-1103 Wentworth Street West, Oshawa, ON (the “**Premises**”). EEP was in the business of assembly, sales and service of specialized electrical components for emergency generating equipment such as transfer switches and connection boxes. In late April 2026, the Company’s management learned of a material adverse event that affected its products and determined it could not continue operations. EEP terminated their employees effective May 1, 2026 and sought a means thereafter to wind down operations after ceasing business, in an orderly fashion.

On May 12, 2026 (the “**Date of Bankruptcy**”), EEP filed its assignment in bankruptcy and the Official Receiver issued its Certificate accepting the Company’s filing of an assignment in bankruptcy and appointing Ira Smith Trustee & Receiver Inc. (“**ISI**”) as Licensed Insolvency Trustee (the “**Trustee**”). On May 14, 2026, the Notice of First Meeting of Creditors, the Statement of Affairs (including a list of creditors,) and a Proof of Claim form, along with proxy, was sent to the known creditors of the Company. The Notice of Bankruptcy and First Meeting of Creditors was published in the May 19, 2026 edition of the Financial Post in the National Post, following the provisions of the *Bankruptcy and Insolvency Act* (Canada) (the “**Act**”).

The corporate records at the Date of Bankruptcy indicated that Mr. Sean Logan, Mr. James Neild and Mrs. Kristina Neild were the Directors and Officers of the Company. The Directors resolved to assign EEP into bankruptcy and Mr. J. Neild is the Designated Officer of the Company in this bankruptcy administration.

The Company was founded by Mr Gary and Mrs. Carolyn Logan. On or about August 1, 2025, Two Seconds Group Limited (“**TSG**”) purchased the shares of the Company from Mr. G. & Mrs. C. Logan, who resigned as EEP’s Directors and Officers. Mr. & Mrs. Neild and Mr. S.

Logan are the principals of TSG. As part of the EEP share purchase agreement, EEP issued promissory notes to Mr. G. and Mrs. C. Logan. There was a plan to amalgamate TSG and EEP, however it did not occur prior to EEP's bankruptcy.

## II. CAUSES OF FINANCIAL DIFFICULTY

Management's opinion as to the cause of insolvency is that on April 21, 2026, they were made aware of a limitation of their product that they were previously not aware of. After confirming the limitation with the manufacturer of the affected component(s), it was decided that EEP could not continue to produce or ship any completed product. Acceptance of POs and assembling/shipping of product stopped and professional advice was sought as to how to bring an orderly end to EEP, which culminated in EEP's bankruptcy.

## III. Assets

According to the sworn Statement of Affairs (the "SOA"), there are three classes of assets in this Estate as at the Date of Bankruptcy:

1. \$172,973.66<sup>1</sup> of combined US and Canadian funds that were held in the Company's bank accounts at TD Canada Trust and were paid to the Trustee and held by the Trustee in its trust account on the Date of Bankruptcy;
2. Accounts Receivable with a book value of \$291,014.54 which management believes will be difficult to collect as customers are likely to claim offsets for deficiencies, damages and supply interruption. Accordingly, this asset has been valued at a placeholder value of \$1; and
3. Inventory and Equipment valued at \$40,000.00 (discussed further below).

As of the date of this report, through a combination of redirection of mail and periodically sweeping the Company's bank accounts, the net amount less bank charges of \$63,357.05 in accounts receivable have been recovered. It is the Trustee's professional experience that the receivables that are most collectable, are paid voluntarily and organically within 60 days. Accordingly, the Trustee's current mail redirection and sweeping of bank accounts is likely to produce the greatest recovery for the least cost. Customers become reluctant to pay when they learn of a bankruptcy and will begin to assert offset claims. After 60 days the Trustee's intended plan is to make written demand for payment for any remaining unpaid receivables, followed by referring the matter to a collection agency (who will charge a commission for all collections), if required.

The Trustee sought two auctioneer's opinions regarding the value of the inventory and equipment and an auction proposal. TCL Asset Group advised the Trustee they were declining to provide any type of proposal. Danbury Global Ltd. ("Danbury") submitted a proposal offering a net minimum guarantee of \$40,000 to the Estate. Should their sale produce in excess of \$40,000, the next \$15,000 is to be retained by Danbury and proceeds over \$55,000 exclusive

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<sup>1</sup> Combined value expressed in Canadian Dollars.

of taxes and buyer's premium shall be shared 85% to the Estate and 15% to Danbury. The Trustee will seek a resolution at the First Meeting of Creditors or from your Inspectors to accept and enter into Danbury's proposal to sell the inventory and equipment. The Trustee will have to remain in occupation of the Premises through the end of June and will have to incur an estimated \$16,000 in occupancy costs (rent, insurance and utilities). Based on the Landlord's proof of claim, pure occupation rent is estimated at \$386.21 *per diem*, commencing June 1, 2026.

Given the cause of insolvency neither Management nor the Trustee believed it would be appropriate or prudent to value or attempt to market any proprietary intellectual property of the Company as it could expose the estate to risk if the Company's product was continued to be produced and sold.

The Trustee has not audited or otherwise verified any of the information contained within the Company's books and records. Therefore, the Trustee makes no representations or warranties as to the accuracy or completeness of the financial information set out above.

#### **IV. SECURED CREDITORS/PROPERTY CLAIMS**

A search of the Ontario Personal Property Security Registration System as at May 11, 2026 (current as of May 10, 2026) indicates that no party has registered a security interest against the Company or its assets.

Management has represented to the Trustee, and the books and records viewed by the Trustee indicate that, Canada Revenue Agency ("CRA") have been paid current for all employee source deductions. Accordingly, the Trustee is unaware of any claims that forms a trust over the property of the Company.

Certain of the inventory may be subject to a claim by an unpaid supplier to repossess goods subject to the provisions of Section 81.1 of the Act ("S.81.1"). These goods have been segregated and do not form part of the inventory that Danbury has included in its proposal to sell. As of the date of this report one supplier has filed a claim under S.81.1 and has retrieved their goods. The window for claims under S.81.1 has ended as of the end of the date of this report, with 15 days having elapsed following the Date of Bankruptcy.

As of the date of this report, one party has indicated that product it paid for in 2024 was in the possession of the Company for repairs. The Trustee was provided with the serial number and purchase invoice. A metal enclosure bearing the serial number was located at the Company's premises, but it was devoid of components that would make it a functional unit. The Trustee recovered the enclosure and has possession of it, and has advised the claimant that they may file a property claim and retrieve the enclosure and they may further file an ordinary unsecured claim for any diminution in value as a result of the enclosure being in its current state as at the Date of Bankruptcy. As of the date of this report the claimant has taken no further action.

Under section 136(f) of the Act, a landlord may have a preferred claim for up to three months rent. This preferred claim is limited to claims based on (i) unpaid rent with respect to the three months immediately preceding the Date of Bankruptcy and (ii) accelerated rent if entitled to accelerated rent under the lease and is limited to the net realizable value of the property located at the leased premises and any amounts paid by the Trustee on account of occupation rent. The landlord has asserted a preferred claim which is being assessed by the Trustee.

## **V. PREMISES**

The Trustee has received the keys to the Premises and provided a key to a representative of Danbury so they may access the Premises to inventory and catalogue the assets. The Trustee has posted notices regarding its appointment and the vesting of assets on the Premises.

The Trustee has corresponded with the Company's landlord who has confirmed that rent has been paid by the Company through to the end of the month of May, 2026.

The Trustee has reviewed a copy of a lease dated February 22, 2024, being effective from June 1, 2024 for the Premises. The lease is for a 3-year period. The Trustee requested and obtained an independent opinion regarding the value of the Premises lease from Mr. C. Kelos of RE/MAX Hallmark Corbo & Kelos Group Realty Ltd. Mr. Kelos provided his opinion that there is no value in the lease. The Trustee, subject to creditor and/or Inspector approval, intends to disclaim the Trustee's interest, if any, in the Premises lease, following the conclusion of Danbury's realization on the inventory and equipment.

## **VI. CONSERVATORY AND PROTECTIVE MEASURES**

Since its appointment the Trustee has:

1. Taken possession of the Company's former Premises;
2. Implemented a redirection of mail;
3. Has added itself as a named insured to the Company's insurance policy and has made arrangements to pay the premium while in possession of the Company's assets;
4. Contacted the alarm company and utilities to maintain continuity of service;
5. Requested TD Canada Trust freeze the Company's bank accounts; and
6. Entered into arrangements with the Company's landlord to pay per diem rent from June 1, 2026, until Danbury has realized on the assets and returns the Premises vacant.

## **VII. BOOKS AND RECORDS**

The Trustee obtained the limited available books and records required for the administration of this Estate.

### VIII. REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS

The Trustee has performed a preliminary review of the books and records of the Company for Transfers at Undervalue, as defined in the Act. The Trustee notes the following related party transactions:

1. Payment of \$60,500.00 on November 7, 2025 to TSG.
2. Payment of \$10,588.98 on November 10, 2025 to Mrs. K. Neild.
3. Payment of \$11,347.56 to Mr. G. Logan and \$7,779.06<sup>2</sup> to Mrs. C. Logan each on November 3, 2025.

Management has advised that the payment to TSG was a shareholder dividend; the payment to Mrs. Neild was reimbursement for expenses charged to her personal credit card at a time the Company lacked a corporate card; and the payments to Mr. & Mrs. Logan were in accordance with the promissory notes between EEP and them. The Trustee has no evidence to suggest that EEP was insolvent at the time these payments were made, and the books and records of EEP indicate that payments of other debts and obligations of EEP were also being made in the ordinary course of business.

In an addendum to Mr. G. Logan's proof of claim, for the balance owing under his promissory note, he enumerated all payments received in the 12 months preceding the Date of Bankruptcy. He, *inter alia*, discloses that he received \$14,350.00 from EEP on January 19, 2026 for "service". The accounting records of EEP for the corresponding date show entries in the Service account and A/P account reflecting that Mr. G. Logan attended service calls for which he was to be compensated. The bank statements for the corresponding date do not show this payment to Mr. G. Logan. The Designated Officer advised that payment to Mr. G. Logan for this amount was not paid at once on January 19th, but rather in a series of five Interac e-transfers between January 19 and February 19, 2026.

The Trustee does not intend to expose the Estate to risk or expense to conduct further investigations or actions into whether these transactions constitute Transfers at Undervalue. The Trustee advises that creditors may wish to consult their respective legal counsel regarding their rights under Section 38 of the Act or any other statute.

### IX. ESTATE SOLICITOR

The Trustee does not believe the retainer of legal counsel is required in this administration. Should that change, the Trustee will consult with your Inspectors.

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<sup>2</sup> A review threshold of \$10,000 was used in the Trustee's examination of the banking records and the payment to Mrs. C. Logan was identified as it was entered in close proximity to the payment to Mr. G. Logan in the Company's books and records. The Trustee's review of the records does not constitute an Audit, Review or Tracing.

## X. CREDITORS' CLAIMS

The known creditor claims as at the Date of Bankruptcy, according to the SOA as compared to the Proofs of Claim received by the Trustee as at 5:00 p.m. on May 27, 2026, are summarized as follows:

	<b>Creditor Claims Per Statement of Affairs</b>	<b>Creditor Claims Filed to Date</b>
	\$	\$
Secured	Nil	Nil
Preferred	Nil	35,752.45
Unsecured <sup>3</sup>	<u>890,952.34</u>	<u>387,952.34</u>
Total	<u>890,952.34</u>	<u>423,719.91</u>

## XI. ANTICIPATED REALIZATION AND PROJECTED DISTRIBUTION

The amount available for distribution to unsecured creditors is dependent on the fee and disbursements of the Trustee, (which ranks ahead of the claims of preferred and ordinary unsecured creditors), any potential preferred claim of any creditor, the total recovery of assets and the total quantum of claims filed. It is estimated that unsecured creditors will receive a modest pro-rata distribution.

## XII. WAGE EARNER PROTECTION PROGRAM ACT (CANADA) (“WEPPA”) / EMPLOYEES

Consistent with the Company having terminated its employees on May 1, 2026, and having paid them all outstanding wages, vacation pay, expenses, commissions and termination pay in lieu of notice as required by the *Employment Standards Act* (Ontario), the Designated Officer advised that the Company did not owe its former employees anything that would have come due in the past 12 months. Accordingly, the Trustee is not aware of any employee claims which would qualify under WEPPA. Therefore, the Trustee has not registered with Service Canada under WEPPA.

## XIII. REMUNERATION OF THE TRUSTEE

The Trustee is entitled to be remunerated from its realization of the Company’s assets. As of the date of this report the Trustee has incurred time giving rise to professional fees in the amount of \$15,405.00 and will request authorization for an interim draw of \$10,000.00 plus HST as against its fees. The fees of the Trustee are ultimately subject to taxation by the Court.

<sup>3</sup> Including contingent, unliquidated and objected to.

#### **XIV. PREVIOUS DEALINGS WITH THE DEBTOR**

ISI has not performed any work at any time for the Company, or any related party before it was appointed Trustee. The Trustee performed a conflict check and was satisfied that a conflict did not exist.

Dated at Concord, Ontario, this 27th day of May, 2026.

IRA SMITH TRUSTEE & RECEIVER INC.,  
Licensed Insolvency Trustee of the Estate of Emergency Energy Product Ltd., a bankrupt

Per:



Brandon Smith, CIRP, LIT  
Senior Vice-President