

TRUSTEE'S PRELIMINARY REPORT

**IN THE MATTER OF THE BANKRUPTCY OF
KYLE JOSEPH MCDONALD
OF THE TOWN OF AMHERSTBURG, IN THE MUNICIPALITY OF
ESSEX AND PROVINCE OF ONTARIO.**

Trustee: S. Funtig & Associates Inc.

Section A

On the 6th day of December, 2024, Kyle McDonald made an assignment in bankruptcy. S. Funtig & Associates Inc ("SFA") was named Trustee.

Mr. McDonald was involved in the home and commercial building renovation business focused on the Essex County Ontario area through a holding company and several subsidiary business entities. SFA is the trustee of Mr. McDonald personally and does not act on any corporate entities.

Operations and the home renovation business was profitable prior to COVID-19. Through the COVID-19 period with home prices increasing, matters looked promising. Funding was available through a series of mortgage brokers and individuals to renovate homes and buildings often with higher-than-normal rates of return and with personal guarantees of Mr. McDonald. The trustee understands that loans were made on a peer-to-peer basis and also through a mortgage broker/ lending organization, The Windrose Group Inc. and The Lion's Share Group Inc., respectively, and eventually with the softening of the real estate market in the Essex County area, Mr. McDonald's companies could not sustain the interest payments.

Additionally, there has been litigation with the mortgage brokers resulting in a number of lawsuits and the ultimate insolvency of the mortgage lenders. Due to these factors, and Mr. McDonald having exhausted all personal resources, he decided to make a personal assignment in bankruptcy.

Class I – Stocks of Merchandise

Not applicable.

Class II – Plant, Machinery and Equipment and Office Equipment

Not applicable

Class III – Buildings and Real Estate

The bankrupt owns a home with his wife in common tenancy located at 199 Sandwich St. North, Amherstburg Ontario. The bankrupt had the home for sale a number of months ago to try to address his obligations. There is a sale pending. The trustee, on appointment, registered the estate's interest in the home and will speak to the creditors to obtain approval for the sale of the home. The trustee has obtained an on-line appraisal of the home and copies of appraisals which indicate a value in the range of \$2.0 to \$2.2 million. The trustee is determining the bankrupt's share of the equity in the home taking into account the outstanding property taxes and secured debt.

Class IV – Books and Records

Not applicable.

Class V – Other Assets

The bankrupt owns shares in a holding company which in turn owns a number of subsidiaries. Due to losses accumulated in the companies and the ongoing litigation, the bankrupt chose not to carry on the businesses.

Property of Bankrupt not divisible amongst creditors by virtue of Section 67(b) of the Bankruptcy and Insolvency Act

Not Applicable.

Property Placed Under the Guardianship of the Debtor

The Ford F150 and a Ford Bronco, both leased, have been placed under the guardianship of the bankrupt.

Section B

Conservatory and Protective Measures

Guardianship letters were issued to the bankrupt concerning the Ford F150 and Bronco and the bankrupt's interest in the personal residence. In addition, the trustee registered the estate's interest in the home on title.

Carrying on Business

Not Applicable.

Section C - Legal Proceedings

There are a number of legal proceedings ongoing and the trustee has been sending notices of the stay of proceeding due to the bankruptcy to the applicable parties.

Section D – Provable Claims

According to the statement of affairs provided by the bankrupt, total unsecured claims are \$14,059,980.41. Claims received as at the date of this reports total \$0.00. The total claims will prove to be higher once claims are received.

Section E – Secured Creditors

There is secured debt registered against the principal residence in the original face amount of \$900,000 in favour of Windsor Family Credit Union and \$750,000 in favour of Mr. Christos Gougoulis and outstanding property taxes. There are a number of notices registered on title.

Section F – Anticipated Realization and Projected Distribution

To date, the Trustee is unable to determine that a dividend will be paid to the unsecured creditors.

Section G – Reviewable Transactions and Preference Payments

To date, the Trustee is unaware of any.

Section H – Other Matters

Not Applicable.

Dated at Windsor, Ontario this 16th day of December, 2024.



Licensed Insolvency Trustee