

CANADA  
Province of Ontario  
COURT NO. 31-1718185  
ESTATE NO. 31-1718185

**TRUSTEE'S PRELIMINARY REPORT**  
**IN THE MATTER OF THE BANKRUPTCY OF**  
**PRECIOUS METAL HOUSE CORP.**  
**(FORMERLY KNOWN AS SANVOY HOLDINGS INC.)**  
**OF THE CITY OF VAUGHAN**  
**IN THE PROVINCE OF ONTARIO**

On February 22, 2013, Precious Metal House Corp. (formerly known as Sanvoy Holdings Inc.) ("**PMH**" or the "**Company**") filed an assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* (the "**BIA**"). The Official Receiver accepted the filing on February 25, 2013, and MNP Ltd. ("**MNP**") was appointed the Trustee in Bankruptcy of the estate of PMH, subject to affirmation by the creditors of the Trustee's appointment or the substitution of another trustee by PMH's creditors.

On February 27, 2013, the Notice to Creditors advising of the bankruptcy and the First Meeting of Creditors, a list of creditors and a proof of claim form, along with a proxy, were sent to all known creditors of the Company. Pursuant to subsection 102(4) of the BIA, the Notice of Bankruptcy was published in the February 27th edition of the Toronto Sun newspaper. David Ceresne, the Company's principal, requested that the original Statement of Affairs be amended to reflect information he did not previously have, and on March 6, 2013, an amended Statement of Affairs (the "**Amended SOA**") was sworn and filed with the Office of the Superintendent of Bankruptcy.

The information contained in this report has been prepared from the available books and records of the Company. These books and records have not been reviewed or otherwise audited by the Trustee and consequently, the Trustee expresses no opinion whatsoever with respect to the validity, the exactness or the reliability of the information taken from those records contained herein.

**BACKGROUND**

Based on discussion with the Company's principal, David Ceresne, the Trustee understands the following about the corporate structure of the Company:

- the Company was incorporated in March 1991 as Sanvoy Holdings Inc. Mr. Bryan Ceresne was the sole director at that time;
- the Company was inactive from inception until August 2011;
- in September 2011, the Company began operating as an on-line precious metals and coins dealer, doing business as Precious Metal House;
- the Company also stored precious metals and coins at a third party secure warehouse for customers;
- the corporate name was changed from Sanvoy Holdings Inc. to Precious Metal House Corp. in January 2012, at which time David Ceresne became the sole director; and
- in January 2013, all shares of the Company were transferred from Mr. Bryan Ceresne to Mr. David Ceresne.

The Company operated out of the residence of the Company's principal, Mr. David Ceresne.

Mr. David Ceresne had advised that the causes of the Company's financial difficulties were various credit card, cheque and bill payment fraud, as well as employee theft of inventory.

The Trustee has not completed sufficient investigation of the Company's affairs to comment on the above statement or comment on the other possible causes of the Company's financial difficulties.

## **ASSETS**

The Company's assets (the "**Assets**") and their estimated realizable value as set out in the Company's Amended SOA are set out below:

### **Precious Metals and Coins: \$240,000**

Just prior to the Company filing an assignment in bankruptcy, it signed an agreement with a third party secure storage facility (the "**Storage Facility**") to securely store and insure its precious metals and coin (the "**Inventory**"). The Inventory had been transferred to the Storage Facility from a vault at the principal's residence just prior to the bankruptcy. The Trustee, with the assistance of Mr. David Ceresne and the Storage Facilities personnel, completed a count of the Inventory and entered into a new secure storage and insurance agreement with the Storage Facility. The Trustee is in the process of obtaining an appraisal of the liquidation value of the Inventory.

### **Credit Card Deposit Reserve: \$100,000**

The Trustee understands that Elavon Inc. ("**Elavon**"), the Company's payment processor, is holding approximately \$100,000 as a reserve against any cancelled or disputed orders placed. The Trustee has confirmed with Elavon and its counsel that the Company's account is temporarily frozen and no further payments will be processed. The funds held by Elavon as well as an accounting of the same have been requested by the Trustee. The Trustee has not yet received these items, but Elavon's counsel has advised the Trustee that a response including a full accounting is forthcoming.

### **Moneybookers Account: \$4,000**

The Company had an account with Moneybookers, an e-commerce payment company based in London, England, which the Trustee understands has a balance of approximately \$4,000 due. The Trustee has written to Moneybookers requesting that this account be frozen and the funds remitted to the Trustee.

### **Intellectual Property – Website and IP Address - \$50,000**

The Company's website ([www.preciousmetalhouse.com](http://www.preciousmetalhouse.com)) has temporarily been taken offline. The Trustee will attempt to sell the website and IP address, along with other intellectual property. The Trustee will attempt to realize on this asset but has no understanding at this time of its potential value.

### **Other - \$5,000**

The Company owns a vault which is being held at the residence of the Company's principal. A preliminary appraisal obtained by the Trustee indicates a nominal value for the vault.

The Trustee understands that there may also be HST rebates owing to the Company from the Canada Revenue Agency ("**CRA**"). The Trustee has requested details of the account from CRA and a redirection of any rebates to the Trustee. The Trustee not aware of any balances that may otherwise be owing to CRA.

## **BOOKS AND RECORDS**

The Trustee has taken possession of the Company's books and records (the "**Records**") located at the principal's residence. These Records are not organized or up to date and are not considered accurate or reliable. The

Trustee has requested financial statements and other historical financial information from the Company's external accountant. To date these have not been received.

The Trustee has also taken possession of the Company's electronic records which are stored on the Company's server and related computers. The Trustee is investigating steps to preserve and protect this information, including possibly mirroring of the electronic records on a separate hard drive.

Based on the Company's internally generated financial statements, for the period March 1, 2012 to February 26, 2013, the Company generated \$20,129,942 in revenue and incurred direct and indirect costs of \$20,081,527 and \$610,602 respectively for a net loss of \$562,187.

A complete set of bank statements for the prior 12 months were not included in the Records. The Trustee will request these from the various banks the Company had accounts with. The Trustee will seek the Creditors' and/or Inspectors' guidance on the required level of review of the Records and bank statements.

**CONSERVATORY AND PROTECTIVE MEASURES**

Upon its appointment, the Trustee froze the Company's bank accounts. The banks have advised that there were no funds or deposits on hand at the date of bankruptcy. As noted above, the Trustee has secured the Company's Assets and arranged for adequate insurance over the same.

**LEGAL PROCEEDINGS**

To date, the Trustee has not commenced any legal proceedings. The Trustee has retained, on an interim basis and subject to creditor approval, Calvin Ho of Gowlings Lafleur Henderson LLP to act as Estate Solicitor.

**PROVABLE CLAIMS**

The claims of creditors as per the Company's Statement of Affairs as at the 22<sup>nd</sup> day of February, 2013 and the claims filed to 5:00 pm on March 7, 2013 are summarized below:

	<u>Original Statement of Affairs</u>	<u>Amended Statement of Affairs</u>	<u>Claims Filed</u>
Secured/Deemed Trust	Nil	Nil	Nil
Preferred	Nil	Nil	Nil
Unsecured	983,574	992,562	888,347.39
Contingent	Nil	Nil	Nil
Total:	<b>\$992,562</b>	<b>\$992,562</b>	<b>\$888,347.39</b>

**SECURED CREDITORS**

A search of the *Personal Property Security Act* registry reveals that there are no registered security interests against the Company's Assets:

**ANTICIPATED REALIZATIONS AND PROJECTED DISTRIBUTION**

At this time, the distribution, if any, to Creditors cannot be estimated.

**PREFERENCES AND TRANSFERS AT UNDERVALUE**

As the Trustee is still compiling the Company's books and records as well as obtaining other related information from various banks, the Trustee will report its findings to the inspectors, if any, once the review has been completed.

**OTHER MATTERS**

The Trustee received a third party deposit in the amount of \$10,000.00 CDN in respect of the Trustee performing its statutory duties from Bryan Ceresne.

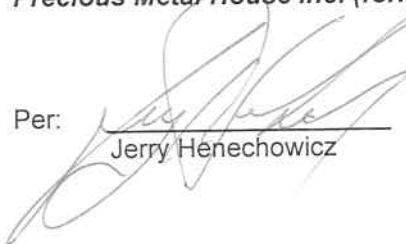
Dated at Toronto, this 8<sup>th</sup> day of March, 2013.

***MNP LTD.***

***Trustee of the Estate of***

***Precious Metal House Inc. (formerly known as Sanvoy Holdings Inc.), a bankrupt***

Per:

  
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Jerry Henechowicz