



Province of Nova Scotia
Division No. 01 - Halifax
Court No. 46018
Estate No. 51 - 3181158

IN THE MATTER OF THE BANKRUPTCY OF

3309736 NOVA SCOTIA LIMITED

TRUSTEE'S PRELIMINARY REPORT

PURPOSE AND DISCLAIMER

The purpose of this report is to inform all interested parties about the Trustee's preliminary administration and findings of the bankrupt estate. Readers are cautioned that the Trustee has relied upon third parties for information in the preparation of this report and that such information may be incomplete and inaccurate. The Trustee's review of this information as part of the preparation of this report does not constitute an audit, nor has the Trustee extensively verified any of the information provided, unless otherwise noted. Therefore, the contents of this report should be considered "for general information purposes only".

BACKGROUND AND CAUSES OF INSOLVENCY

3309736 Nova Scotia Limited ("**Hold Co**" or the "**Company**") was incorporated under the *Companies Act* of Nova Scotia on July 28, 2017. Eric Stanley ("**Mr. Stanley**"), the sole director, owns 85% of the shares of the Company, with the ownership of the remaining shares distributed evenly between Jim Stanley and Sheila Stanley. Hold Co was incorporated for the purpose of holding 100% of the shares of Iron Wind Marine Inc. ("**Iron Wind**").

Hold Co's primary asset is an investment in Iron Wind, which operated as one of Atlantic Canada's largest recreational boat dealerships, focusing on the sale of power boats, boat trailers, motors, parts and accessories, but also boat maintenance, repair and off-season storage services.

Iron Wind experienced a decline in financial performance which ultimately led to it becoming insolvent. Iron Wind filed a voluntary assignment in bankruptcy on January 31, 2025.

With the insolvency of Iron Wind, the shares of which being Hold Co's primary asset, Hold Co also became insolvent. Hold Co filed a voluntary assignment in bankruptcy on January 31, 2025 with BDO Canada Limited ("**BDO**") appointed as Licensed Insolvency Trustee (the "**Trustee**") over the bankruptcy estate.

Further information on the bankruptcy proceedings, including the Trustee's reports, can be accessed on BDO's website at:

<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/ironwindmarineinc>

ASSETS

The following table summarizes Hold Co's assets and liabilities pursuant to the Company's most recent internal financial statements as at November 30, 2024, with comparison to estimated net realization value of the Company's assets and deficiency to creditors.

3309736 Nova Scotia Limited	Net Book	Estimated Net
Internal Financials as at November 30, 2024	Value	Realization
In CAD (\$)		Value
Assets		
Cash	3,066	-
Investment in Iron Wind Marine Inc.	1,598,046	-
Total Assets	1,601,112	-
Liabilities		
Secured Claims		432,667
Unsecured Claims		7,708
Deferred Claims		202,975
Total Liabilities		643,350
Deficiency		(643,350)

**Disclaimer: The above table was prepared by using the internal records of the Company. The information contained and discussed herein has not been audited, reviewed, or otherwise verified by BDO, and as such BDO expresses no opinion, whether expressed or implied, regarding the accuracy of the information contained herein.*

Cash

Following the date of bankruptcy, the Trustee requested Toronto Dominion Bank ("TD") to freeze Hold Co's bank account held at the institution and to provide the Trustee a draft clearing the accounts. TD wired payment approximately \$60 to the Trustee which is held in trust.

Investment in Iron Wind

As noted above, Iron Wind filed a voluntary assignment in bankruptcy on January 31, 2025 with BDO also appointed as licensed insolvency trustee over Iron Wind's bankrupt estate. A copy of the BDO's preliminary report with respect to the Iron Wind estate administration is attached as **Appendix "A"**. It is anticipated that Iron Wind's secured creditors will suffer a shortfall as asset realizations are not expected to fully repay the Company's secured debt. Therefore, the Trustee does not anticipate any realization from the shares of Iron Wind.

CONSERVATORY AND PROTECTIVE MEASURES

(a) Conservatory and protective measures

As noted above, the Trustee requested TD to freeze all bank accounts held at the institution by Hold Co and to provide the Trustee a draft clearing the accounts. TD wired payment \$60 to the Trustee which is held in trust.

(b) Carrying on business

The Trustee has no plans to operate the business.

(c) Books and records

Paper and electronic books and records of the Company that are relevant to the bankruptcy administration are under the custody and control of the Trustee.

LEGAL PROCEEDINGS

The Trustee is not aware of any legal claims against the Company.

PROVABLE CLAIMS

The Trustee will review proofs of claim advanced by the Company's creditors and has not at this time completed an adjudication of the claims.

SECURED CREDITORS

The Trustee understands that the Company's secured creditors are as follows:

- a) TD holds a general security agreement ("GSA") in relation to a term loan facility (the "Term Loan") with a balance of approximately \$430,000 at the date of bankruptcy. TD executed priority agreements with other GSA security holder, Wells Fargo Capital Finance Corporate Canada ("Wells Fargo") prior to providing the Term Loan. TD also holds a corporate guarantee from Iron Wind in support of the Term Loan; and
- b) Wells Fargo holds a GSA in relation to a corporate guarantee provided by Iron Wind in support a floorplan financing facility. The Wells Fargo GSA is subject to a priorities agreement executed with TD dated July 19, 2023.

ANTICIPATED REALIZATION AND PROJECTED DISTRIBUTION

For reasons noted in the Assets section above, the Trustee anticipates Hold Co's secured creditors will suffer a shortfall as asset realizations are not expected to fully repay the Company's secured debt. Therefore, the Trustee does not anticipate any distribution to unsecured creditors.

PREFERENCES AND TRANSACTIONS AT UNDERVALUE

The Trustee is not currently aware of any preferential payments or transactions at undervalue. The Trustee will report any findings to the estate inspectors, if any, for further consideration in due course. Should any creditors have knowledge of potential preferential payments or transactions at undervalue, they are encouraged to contact the Trustee.

SECTION J - OTHER MATERIAL MATTERS NOT COVERED ABOVE

The Trustee has made an informal arrangement with TD for the coverage of Trustee's professional fees to administer the bankrupt estate.

Dated at Halifax, Nova Scotia this 20th day of February 2025.

BDO CANADA LIMITED

In its capacity as Licensed Insolvency Trustee
in Bankruptcy of 3309736 Nova Scotia Limited
and not in its personal capacity

Per:

A handwritten signature in black ink, appearing to read 'Neil Jones', written in a cursive style.

Neil Jones, CPA, CA, CIRP, LIT
Senior Vice President



Province of Nova Scotia
Division No. 01 - Halifax
Court No. 46017
Estate No. 51 - 3181135

IN THE MATTER OF THE BANKRUPTCY OF
IRON WIND MARINE INC.
TRUSTEE'S PRELIMINARY REPORT

PURPOSE AND DISCLAIMER

The purpose of this report is to inform all interested parties about the Trustee's preliminary administration and findings of the bankrupt estate. Readers are cautioned that the Trustee has relied upon third parties for information in the preparation of this report and that such information may be incomplete and inaccurate. The Trustee's review of this information as part of the preparation of this report does not constitute an audit, nor has the Trustee extensively verified any of the information provided, unless otherwise noted. Therefore, the contents of this report should be considered "for general information purposes only".

BACKGROUND AND CAUSES OF INSOLVENCY

Iron Wind Marine Inc. ("**Iron Wind**" or the "**Company**") was incorporated under the *Companies Act* of Nova Scotia on May 18, 2012. Eric Stanley ("**Mr. Stanley**") is the sole director of Iron Wind. The shares of Iron Wind are 100% owned by 3309736 Nova Scotia Limited ("**Hold Co**"). Hold Co purchased the shares of Iron Wind in September 1, 2017.

Iron Wind operated as one of Atlantic Canada's largest recreational boat dealerships. The Company's focus was the sale of power boats, boat trailers, motors, parts and accessories, but also boat maintenance, repair and off-season storage services.

Iron Wind differentiated itself from the competition by carrying a large inventory of new boats, motors and trailers, allowing customers the ability see and test a variety of boats in person prior to purchase.

The Company generated sales growth from \$7.4 million in fiscal 2021 to \$9.9 million in fiscal 2022, while earning net profits of approximately \$484,000 and \$457,000 in each fiscal year, respectively. In fiscal 2023, sales declined to \$8.4 million while the Company earned a nominal profit. In fiscal 2024, Iron Wind's sales rebounded to \$9.1 million for the 9-months ended September 2024, however due to escalating costs, the Company was unable to earn a healthy profit.

The decline in the Company's financial performance ultimately led to cascading cash flow issues primarily stemming from:

- a) the *Select Luxury Items Tax Act* was brought into effect in September 2022 to levy tax on high-end goods including boats valued over \$250,000. The luxury tax is equal to the lesser of i) 10% of the taxable amount of the good sold; and ii) 20% of the amount above \$250,000 (in the case of Iron Wind). The tax had the impact of reducing Company sales as customers were reluctant to purchase due to the higher value added tax rate, while also reducing margins on sales from approximately 18% to as low as 10%;
- b) high inflation caused by supply chain issues following the pandemic also reduced sales as consumers experienced a reduction in discretionary income resulting in reduced spending on luxury items;
- c) interest rate increases to combat inflation resulted in the Company's interest rates for floor plan financing increasing to 12%, increasing Iron Wind's debt servicing costs;
- d) the associated decrease in sales was felt across all boat dealerships in the region, leading to elevated inventory levels. Dealerships were forced to reduce prices to move inventory, reducing profit margins;
- e) the elevated inventory levels led to an aging inventory lot triggering large floorplan curtailment payments which ultimately lead to a cash flow crunch and a voluntary inventory surrender to floor plan financiers in late 2024; and
- f) related party investments of approximately \$650,000 exacerbated the cash flow crunch. These investments, further explained in the "Asset" section below proved to be illiquid.

The Company filed a voluntary assignment in bankruptcy on January 31, 2025 with BDO Canada Limited ("BDO") appointed as Licensed Insolvency Trustee (the "Trustee") over the bankrupt estate.

Further information on the bankruptcy proceedings, including the Trustee's reports, can be accessed on BDO's website at:

<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/ironwindmarineinc>

ASSETS

The following table summarizes Iron Wind's assets and liabilities pursuant to the Company's most recent internal financial statements as at November 30, 2024, with comparison to estimated net realization value of the Company's assets and deficiency to creditors.

Iron Wind Marine Inc. Internal Financials as at November 30, 2024 In CAD (\$)	Net Book Value	Estimated Net Realization Value
Assets		
Receivables	98,428	-
Due from Related Parties	648,950	-
Inventory - New Boats and Trailers	1,910,165	TBD
Inventory - Used Boats and Trailers	204,021	178,900
Inventory - Parts and Accessories	256,032	62,500
Prepaid Expenses	30,666	-
Trade Fixtures	50,631	-
Vehicles and Equipment	80,627	188,000
Leasehold Improvements	33,753	-
Total Assets	3,313,273	429,400
Liabilities		
Secured Claims		333,000
Unsecured Claims		2,013,204
Deferred Claims		337,368
Total Liabilities		2,683,572
Deficiency		(2,254,172)

**Disclaimer: The above table was prepared by using the internal records of the Company. The information contained and discussed herein has not been audited, reviewed, or otherwise verified by BDO, and as such BDO expresses no opinion, whether expressed or implied, regarding the accuracy of the information contained herein.*

Accounts Receivable

The Trustee understands the Company collected most of the accounts receivable balance in the months leading up to the date of bankruptcy on January 31, 2025. Certain receivables, such as warranty receivables for approximately \$22,000 are not considered collectible.

Due from Related Parties

The related party receivables balance primarily consists of \$480,000 owing from 3314469 Nova Scotia Limited and \$169,000 owing from 4428885 Nova Scotia Limited.

3314469 Nova Scotia Limited, operating as Freedom Boat Club (“FBC”)

FBC is a franchisee operating through a franchise agreement with Freedom Franchise Systems, LLC, the world's largest members-only boat club offering access to fleets of boats, as well as training and support services. FBC operates out of two (2) leased locations in Halifax and St. Margaret's Bay, Nova Scotia. Iron Wind owns 100% of the shares of FBC.

FBC has a fleet of 14 boats which are leased from JB&B Capital, LLC with an estimated lease buy-out option of \$875,000. According to management, the estimated wholesale value of the fleet according to the National Automobile Dealers Association is approximately \$747,000,

therefore there does not appear to be any equity in the fleet in a liquidation scenario. FBC does not have any other material assets, which consist of a floating dock and computer hardware.

On November 28, 2024, FBC entered into an Asset Purchase Agreement (“**APA**”) to sell its assets, including rights to the franchise agreement. The APA also contemplates the purchaser assuming remaining obligations related to the leased fleet. The purchase price of \$200,000 is effectively financed by FBC with the proceeds to be collected in equal instalments during years three (3) through seven (7) post-closing scheduled for March 31, 2025. As Iron Wind owns the shares of FBC, net proceeds would be an asset of the bankrupt estate. The Trustee is exploring options, including the sale of the estate’s right to the APA’s terms and proceeds. In a liquidation scenario, the Trustee does not anticipate there would be any equity in FBC’s assets that would be available to the Iron Wind estate.

4428885 Nova Scotia Limited (“**Real Co**”)

Iron Wind operated from a leased premises owned by Real Co, which includes i) land and buildings located at 4566 Prospect Road, Nova Scotia (PID 40064156), the location of Iron Wind’s sales office; ii) land and buildings located at 4567 Prospect Road, Nova Scotia (PID 40063869), the location of Iron Wind’s fleet yard and maintenance facility; and iii) a waterfront land parcel located at 4520 Prospect Road, Nova Scotia (PID 40873507), used for ocean access boat launching to assist with sales (collectively, the “**Real Property**”). Real Co is owned 85% by Mr. Stanley with the ownership of the remaining shares distributed evenly between Jim Stanley and Sheila Stanley.

The Trustee understands the Business Development Bank of Canada (“**BDC**”) holds first ranking mortgage security on the Real Property with principal and interest owing of approximately \$1.2 million. The Real Property parcels located at 4566 and 4567 Prospect Road are listed for sale through a real estate agent, and the Trustee understands Real Co management is open to selling the waterfront parcel to a purchaser of either of the listed properties or individually.

If sale proceeds from the Real Property exceed the mortgage debt, interest and charges of BDC, net proceeds may be available to the Iron Wind estate. However, the Trustee understands the Toronto Dominion Bank (“**TD**”) has a general security agreement (“**GSA**”) registered against Real Co, and a corporate guarantee from Real Co, in support of a revolving line of credit owed from Iron Wind and a term loan owed from Hold Co.

Inventory - New Boats and Trailers

As noted above, prior to the bankruptcy assignment, Mr. Stanley worked with Iron Wind’s floor plan financiers, Wells Fargo Capital Finance Corporation Canada (“**Wells Fargo**”) and Northpoint Commercial Finance Canada Inc. (“**Northpoint**”), to return the vessel fleet financed by each lender. The Trustee understands Wells Fargo and Northpoint had valid security for the financed fleets under the Personal Property Security Act (“**PPSA**”) and was provided notices of disposition outlining the following:

- a) Wells Fargo issued a Notice of Intention to Dispose of Collateral under subsection 60(8) of the PPSA. It stated the secured amount owing was approximately \$924,000 including principal and interest, plus estimated costs to take possession and sell the inventory of \$50,000. The inventory was to be sold via public auction and the Trustee does not anticipate any equity from sale to be available to the Iron Wind estate.

- b) Northpoint issued a Notice of Sale or Other Disposition under subsection 60(8) of the PPSA. It stated the secured amount owing was approximately \$772,000 including principal and interest, plus estimated costs to take possession and sell the inventory of \$50,000. The inventory was to be sold via public auction and the Trustee does not anticipate any equity from sale to be available to the Iron Wind estate.

Inventory - Used Boats and Trailers

Used boat and trailer inventory has been appraised with a liquidation value of approximately \$179,000 by Castle Appraisals Ltd. The Trustee has contracted the services of Mr. Stanley at a nominal value, through a term and task letter, to assist with the sale of the used boat and trailer inventory.

The Trustee understands that prior to the date of bankruptcy, the Company sold two used trailers for approximately \$10,000 (not including Harmonized Sales Tax (“HST”)), with the funds deposited against the operating revolver held with TD.

Through the contracted services of Mr. Stanley since the date of bankruptcy, approximately \$40,000 (not including HST) of the boat and trailer inventory has been sold and the proceeds are held in trust by the Trustee.

Inventory - Parts and Accessories

Parts and accessories inventory was appraised with a liquidation value ranging from of \$60,000 to \$65,000.

Vehicles and Equipment

Vehicles and equipment have been appraised with a liquidation value of \$188,000. The Trustee understands that prior to the date of bankruptcy, the Company sold two used trucks and miscellaneous equipment for approximately \$33,500 (not including HST), with the funds deposited against the operating revolver held with TD.

Through the contracted services of Mr. Stanley, approximately \$20,000 (not including HST) of the vehicle and equipment inventory has been sold and the proceeds are held in by the Trustee.

CONSERVATORY AND PROTECTIVE MEASURES

(a) Conservatory and protective measures

The Trustee requested TD to freeze all bank accounts held at the institution by Iron Wind and to provide the Trustee a draft clearing the accounts. TD wired payment \$809 USD to the Trustee which is held in trust.

The Trustee visited the Iron Wind premises to view and inventory assets as appraised by Castle Appraisals Ltd. The Trustee also meet with Mr. Stanley to ensure the assets were securely stored.

The Trustee has confirmed that Iron Wind’s insurance policy, insuring inventory and equipment assets, is in good standing through the Company’s insurance broker, Cooke Insurance. The Trustee has requested to have the insurance policy continued through

the bankruptcy proceeding and amended to name the Trustee as co-insured and loss payee. The Trustee has requested but has yet to receive an updated policy.

The Trustee arranged an appraisal of Iron Wind's assets on hand as in preparation of the assignment into bankruptcy.

(b) Carrying on business

The Trustee understands the Company ceased operations in late 2024. The Trustee has no plans to operate the business.

(c) Books and records

Paper and electronic books and records of the Company that are relevant to the bankruptcy administration are under the custody and control of the Trustee.

LEGAL PROCEEDINGS

The Trustee is not aware of any legal claims against the Company.

PROVABLE CLAIMS

The Trustee will review proofs of claim advanced by the Company's creditors and has not at this time completed an adjudication of the claims.

SECURED CREDITORS

The Trustee understands that the Company's secured creditors are as follows:

- a) TD holds a GSA in relation to a revolving line of credit with a balance of approximately \$220,000 at the date of bankruptcy. TD executed priority agreements with other GSA security holders prior to providing the loan facility. The Trustee understands that TD also holds corporate guarantees from Hold Co, Real Co, and FBC;
- b) Wells Fargo holds a GSA in relation to its floorplan financing facility. The Wells Fargo GSA is subject to a priorities agreement executed with TD dated July 19, 2023;
- c) Yamaha Motor Finance Canada Ltd. ("Yamaha") holds a GSA in relation to its floorplan financing facility. The Yamaha GSA is subject to a priorities agreement executed with TD dated June 30, 2023. Management informed there was no inventory on hand that was financed by Yamaha when the Company ceased operations;
- d) Northpoint holds a GSA in relation to its floorplan financing facility. The Northpoint GSA is subject to a priorities agreement executed with TD dated July 21, 2023;
- e) The Bank of Nova Scotia ("BNS") holds a GSA however Iron Wind management is not aware of any debts owing to BNS;
- f) BDC holds a corporate guarantee from Iron Wind in the amount of \$1.25 million as security against a mortgage advanced to Real Co with respect to the Real Property. The corporate guarantee is supported by a GSA which is subject to a priorities agreement with TD dated July 17, 2023;

- g) Steel Chrysler Plymouth Limited (“Steele”) holds a registered purchase money security interest (“PMSI”) in relation to a 2021 Dodge Ram 3500 (VIN 3C63R3SL9MG703763) and a 2020 Dodge Ram 3500 (VIN #C63RRHL8LG195726). Prior to the date of bankruptcy, the Trustee understands that the lease of the 2021 Dodge Ram was assumed by an external party and the 2020 Dodge Ram was sold with proceeds used to settle outstanding obligations with Steele.
- h) John Deere Financial Inc. (“John Deere”) holds a registered PMSI in relation to a John Deere 4052R Tractor (VIN 1LV405RTJJ402211). According to management, the tractor was returned to John Deere prior to the bankruptcy and ultimately refinanced by the Mr. Stanley personally.

ANTICIPATED REALIZATION AND PROJECTED DISTRIBUTION

For reasons noted in the Assets section above, the Trustee anticipates Iron Wind’s secured creditors will suffer a shortfall as asset realizations are not expected to fully repay the Company’s secured debt. Therefore, the Trustee does not anticipate any distribution to unsecured creditors.

PREFERENCES AND TRANSACTIONS AT UNDERVALUE

The Trustee is not currently aware of any preferential payments or transactions at undervalue. The Trustee will report any findings to the estate inspectors, if any, for further consideration in due course. Should any creditors have knowledge of potential preferential payments or transactions at undervalue, they are encouraged to contact the Trustee.

SECTION J - OTHER MATERIAL MATTERS NOT COVERED ABOVE

The Trustee has made an informal arrangement with TD for the coverage of Trustee’s professional fees to administer the bankrupt estate.

Dated at Halifax, Nova Scotia this 20th day of February 2025.

BDO CANADA LIMITED

In its capacity as Licensed Insolvency Trustee
in Bankruptcy of Iron Wind Marine Inc.
and not in its personal capacity

Per:



Neil Jones, CPA, CA, CIRP, LIT
Senior Vice President