



Telephone: (902) 425-3100  
Fax: (902) 425-3777  
Toll Free: (800) 337-5764  
debtsolutions-halifax.ca

BDO Canada Limited  
255 Lacewood Drive  
Suite 201  
Halifax NS B3M 4G2 Canada

**Province of** Nova Scotia  
**Division No.** 01- Halifax  
**Court No.** 46051  
**Estate No.** 51-3196953

## IN THE MATTER OF THE BANKRUPTCY OF

**CITY LIGHT ELECTRIC LTD.**

### 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

City Light Electric Ltd. ("**City Light**" or the "**Company**"), established in January 2015, operated as an electrical contractor. The Company operated from a leased premises located at 3 Hartlen Avenue, Halifax, Nova Scotia. Alex Theoharopoulos ("**Mr. Theoharopoulos**") is the sole director of City Light.

City Light offered electrical installations on new and existing commercial and residential properties. The Company's main source of revenue was installation services to the multi-unit high rise development sector.

City Light faced significant financial challenges leading to its insolvency, driven by multiple factors:

- i. *Fixed Price Contracts:* In 2019, City Electric executed contracts for electrical installations for four (4) multi-unit residential projects at fixed prices. Increases in materials costs due to the supply chain issues arising from the Covid-19 Pandemic, and subsequent inflation, reducing profitability.
- ii. *Union Related Costs:* In January 2020, certain employees of City Light were organized by the International Brotherhood of Electrical Workers Union (the "**Union**"). The organization was contested by City Light, however legal costs arising from this action and subsequent increases to the cost of labour added to the financial difficulties faced by the Company.

- iii. *Economic Downturn*: The economic downturn following the Covid-19 pandemic the ability of City Light to maintain operating schedules due to skilled staff shortages, further reducing profitability on its contracts.

These factors collectively contributed to City Light's financial insolvency. The Company ceased operations in September 2024 and filed an assignment in bankruptcy on March 11, 2025 pursuant to the *Bankruptcy & Insolvency Act* ("**BIA**") wherein BDO Canada Limited ("**BDO**") was appointed as the licensed insolvency trustee (the "**Trustee**").

The Company had approximately eight (8) employees when it ceased operations. The Trustee understands that the Company's employees were paid for all time worked, with all employees subsequently hired by a company owned by the wife of Mr. Theoharopoulos. As at the date of bankruptcy, the Company did not have any employees.

On March 17, 2025, notice of the first meeting of creditors, a list of creditors, a proof of claim form and a proxy form were sent to all known creditors of the Company. On March 19, 2025, notice of the bankruptcy and the first meeting of creditors was published in the Chronicle Herald.

The activities of the Trustee since its appointment consisted of completing its statutory obligations in accordance with the BIA, and the following:

- prior to the date of bankruptcy, the Trustee attempted to visit the Company's premises, however the landlord, Atlantic Automatic Sprinklers Limited (the "**Landlord**"), refused to grant access due to unpaid rents;
- issuing written requests to the Company's financial institutions, Bank of Montreal and Bank of Nova Scotia, to freeze all bank accounts held at each institution and to provide the Trustee a draft clearing the accounts, if any;
- review of payroll documentation and discussions with Mr. Theoharopoulos to confirm that former employees of City Light are not owed any wages or vacation pay, and therefore the administration of a claims in accordance with the *Wage Earner Protection Program Act* ("**WEPPA**") is not required;
- communications with key stakeholders including creditors; and
- preparing this preliminary report.

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/citylightelectric>

## ASSETS

The following table summarizes City Light’s assets and liabilities as detailed in the Statement of Affairs (“SOA”) as at March 4, 2025, including the estimated net realization value of the Company’s assets.

City Light Electric Ltd. Statement of Affairs as at March 4, 2025 In CAD (\$)	Net Book Value	Estimated Net Realization Value
<b>Assets</b>		
Receivables	1	-
Furniture and Fixtures	1	-
Equipment	1	-
Vehicles	1,650	-
<b>Total Assets</b>	<b>1,653</b>	<b>-</b>
<b>Liabilities</b>		
Priority Claims		1,503,982
Secured Claims		1
Unsecured Claims		1,274,910
Deferred Claims		125,000
<b>Total Liabilities</b>		<b>2,903,893</b>
<b>Deficiency</b>		<b>(2,903,893)</b>

*\*Disclaimer: The SOA 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.*

### *Equipment*

Based on Company records, the Trustee understands the Company had equipment, furniture and fixtures located at the leased premises with an estimated value of approximately \$3,500. Prior to the date of bankruptcy, BDO attempted to visit the Company’s leased premises with Mr. Theoharopoulos to inventory the assets, however the Landlord denied access. The Trustee has reached out to the Company’s landlord since the date of bankruptcy but understands that are no assets remaining at the former leased premises. The Trustee is attempting to determine if the assets were sold, and if so, the proceeds from sale.

### *Vehicles*

The Company owned a 2009 GMC Sierra pick-up truck. The Trustee understands based on a Canadian Black Book search of vehicles of this make, model and year, the vehicle has an approximate value of \$1,650.

Based on a listing of the assets provided by the Company, the Trustee is of the view the cost of taking possession and realizing the equipment, furniture and fixtures would likely be higher than asset realizations if sold. Further, any proceeds from sale would be subject to a property claim of the Canada Revenue Agency (“CRA”) for unpaid source deduction remittances (discussed in more detail below).

### **PRIORITY CREDITORS**

The Trustee has been advised that the Company has failed to file and remit source deductions with respect to the Company’s payroll accounts. According to Company records, CRA is owed approximately \$1.5 million for source deductions arrears from the 2023 and 2024 calendar years. However, a CRA notice of assessment dated October 2, 2024 indicates the balance owing may be approximately \$2.8 million.

### **SECURED CREDITORS**

A search of the Personal Property Security Act (“PPSA”) registration system as at January 28, 2025 indicates that there are two (2) security registrations against the personal property of the Company:

- i. Clyde Steet Developments Ltd., with a general security agreement against personal property of the Company registered February 26, 2021; and
- ii. 11302078 Canada Ltd. o/a Sheaves Capital, with a general security agreement against personal property of the Company registered November 15, 2023.

The Trustee understands the Company’s former employees do not have any claims for wages and accrued vacation pay as of the date of bankruptcy in accordance with subsection 81.3 of the BIA.

However, the Trustee understands the Company’s former employees may have claims for unpaid pension benefit remittances according to a collective agreement executed entered into in January 2021, in accordance with subsection 81.5 of the BIA.

### **PREFERRED CREDITORS**

The Company’s SOA indicates that the Landlord is owed approximately \$39,000 for outstanding rents, of which \$9,000 appears to be owing from the three (3) period immediately prior to the date of bankruptcy. Therefore, the Landlord may have a preferred claim under subsection 136(f) of the BIA, limited to the realization of property on the premises under lease.

As noted above, the Trustee understands the Company had equipment, furniture and fixtures located at the leased premises with an estimated value of approximately \$3,500. Prior to the date

of bankruptcy, BDO attempted to visit the Company’s leased premises with Mr. Theoharopoulos, however the Landlord denied access.

**UNSECURED CREDITORS**

The Company’s SOA indicates that, as of March 11, 2025, there were approximately 18 unsecured creditors with potential claims totaling approximately \$1.3 million.

The PPSA search also indicates that there are three (3) judgement creditors registered against the Company:

- i. ECS Electrical Cable Supply Ltd., according to a judgement order granted on July 8, 2024 by the Supreme Court of Nova Scotia in the amount of approximately \$76,000;
- ii. Workers’ Compensation Board of Nova Scotia, according to a judgement order granted on December 4 2024 by the Supreme Court of Nova Scotia in the amount of approximately \$22,000; and
- iii. Hilti (Canada) Corporation, according to a judgement order granted on January 6, 2025 by the Supreme Court of Nova Scotia in the amount of approximately \$71,000.

**PROVABLE CLAIMS**

The Trustee continues to review the proofs of claim being advanced by the Company’s creditors. As at the date of this report, the Trustee has recorded the following proofs of claims.

	Per SOA (Mar 4)	Amount (\$)	Claims filed as at 9:00 a.m. Mar 31	Amount (\$)
Secured	2	\$2	0	\$0
Unsecured	20	2,903,892	1	40,000
<b>TOTAL</b>	<b>22</b>	<b>\$2,903,894</b>	<b>1</b>	<b>\$40,000</b>

**LEGAL PROCEEDINGS**

The Trustee understands there has been ongoing litigation between City Light and the Union since the latter attempted to organize in January 2020. A collective agreement was executed in January 2021; however the Union filed a grievance against the Company on February 16, 2024 for failure to pay contributions of approximately \$273,000 towards a training and work ready program, health, welfare and pension benefit remittances for the period June 2022 to February 2024. A consent order was granted by an arbitrator under the *Trade Union Act* of Nova Scotia; however the Trustee understands \$256,000 of said contributions remain unpaid.

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

**ANTICIPATED REALIZATION AND PROJECTED DISTRIBUTION**

For reasons noted above, the Trustee anticipates City Light’s creditors will suffer a significant shortfall as asset realizations are expected to be less than the amounts owing to the Company’s priority creditors. The Trustee does not anticipate a distribution to the Company’s secured and unsecured creditors.

**PREFERENCES AND TRANSACTIONS AT UNDERVALUE**

The Trustee is not 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**

Prior to the bankruptcy assignment, Mr. Theoharopoulos, the sole director and officer of City Light, advanced \$15,000 to the Trustee in his personal capacity as a third-party deposit to cover professional fees and any additional costs, or a portion thereof, related to the administration of the estate.

Dated at Halifax, Nova Scotia this 31<sup>st</sup> day of March 2025.

**BDO CANADA LIMITED**

In its capacity as Trustee in Bankruptcy of  
City Light Electric Ltd.  
and not in its personal capacity

Per:



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