



MEYERS NORRIS PENNY LIMITED

CANADA  
Province of Ontario

COURT NO. 31-456515  
ESTATE NO.31-456515

### TRUSTEE'S PRELIMINARY REPORT

#### IN THE MATTER OF THE BANKRUPTCY OF ALLIED PERSONNEL LIMITED O/A THE ALLIED NETWORK OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

On July 23, 2010, Allied Personnel Limited o/a The Allied Network (the "**Company**") filed an assignment pursuant to the *Bankruptcy and Insolvency Act (Canada)* (the "**BIA**") and Meyers Norris Penny Limited was appointed the Trustee.

The Company was incorporated in October, 1962, initially as employment placement consultants. On or about, January 2, 1992 the Company changed its focus, offering introductory services.

The Trustee understands that the bankruptcy was the result of declining sales primarily due to a slowdown in the economy and increased competition from free on-line dating services.

On August 4, 2010 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 August 4 2010, edition of the Globe & Mail newspaper.

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. Consequently, the Trustee expresses no opinion whatsoever with respect to the validity, the exactness or the reliability of the information contained herein.

### ASSETS

The assets of the Company and their realizable value according to its Statement of Affairs are summarized as follows (the "Assets"):

- Office furniture and equipment \$1,000
- Prepaid expenses \$1.00

On July 23, 2010, the Trustee made arrangements with the landlord to store the Company's books and records and office equipment in a separate area at the landlord's premises. The Company's server containing the client information was removed to an off site location.



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On August 10, 2010, the Trustee placed a tender advertisement in the Globe & Mail newspaper requesting offers for the purchase of the Trustee's interest, if any in the Company's trade names, trade marks and other intellectual property. Offers are due on August 18, 2010.

**BOOKS AND RECORDS**

The Trustee has in its possession certain records of the Company. The following is a summary of key financial data from the Company's externally and internally generated financial statements.

	<b>Externally Prepared</b>		<b>Internally Prepared</b>
	July 1, 2007 to <u>June 30, 2008</u>	July 1, 2008 to <u>June 30, 2009</u>	July 1, 2009 to <u>June 30, 2010</u> <sup>(1)</sup>
Revenue	\$3,306,779	\$2,334,969	\$1,729,041
Net Income/(loss)	293,544	(106,447)	(30,551)
	(1) Excludes year end closing entries		

**CONSERVATORY AND PROTECTIVE MEASURES**

The Trustee did not take possession of the Company's premise, however has undertaken the following measures:

- Secured the Company's books and records, in the basement of the landlord's premises; and
- Took off site the Company's server containing the client information.

**LEGAL PROCEEDINGS**

The Trustee engaged Aird & Berlis LLP, to obtain an Order of the Ontario Superior Court of Justice (the "Court") that the Company's client list be sealed by the Court. On July 28, 2010 the Court issued an order sealing the client list, pending further direction of the Court, and dispensing with the requirement to disclose the individual names and addresses of the clients on the Statement of Affairs.

No further legal procedures have been initiated by the Trustee prior to the First Meeting of Creditors.

**PROVABLE CLAIMS**

The following is a summary of claims filed:

	<b>Statement of Affairs</b>	<b>Filed to date</b>
Secured	\$0.00	\$ 0.00
Preferred	0.00	0.00
Unsecured	<u>2,583,576</u>	<u>533,354.68</u>
	<u>\$2,583,576</u>	<u>\$ 533,354.68</u>



**SECURED CREDITORS**

According to the Statement of Affairs there are no secured creditors.

**ANTICIPATED RELIZATIONS AND PROJECTED DISTRIBUTION**

At this time it is unlikely that there will be any funds available for the unsecured creditors.

**PREFERENCE PAYMENTS AND PAYMENTS UNDER VALUE**

The Trustee is in the process of reviewing the Company's records and will report its findings to the inspectors.

**OTHER MATTERS**

The Trustee received payment of \$54,000 from the Company to cover its and its counsel's fees and disbursements with respect to the administration of the bankrupt estate.

Dated: August 16, 2010

*Meyers Norris Penny Limited*  
Trustee

