

UNITED STATES OF AMERICA
IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In the Matter of

GOTFREDSON CORPORATION, LTD.
a Canadian Corporation,

In Bankruptcy,
No. 9412.

alleged Bankrupt.

RECEIVER'S REPORT

I, Lester E. Deeley, the duly appointed and qualified Receiver in the above estate in bankruptcy do hereby submit my final report and account.

I was appointed Receiver in this estate by the Honorable Arthur J. Tuttle on the 28th day of March, A.D. 1929. I immediately qualified by filing a Surety Company bond in the required penalty of Ten Thousand Dollars (10,000.00).

The Gotfredson Corporation, Limited is a corporation organized and existing under the laws of the Dominion of Canada and holds the title to the following real estate:

Main branch and plant at 3579-3601 Gratiot Avenue, Detroit, Mich.
Warehouse at 3330-3334 Charlevoix Avenue, Detroit, Michigan.
Body plant located at 12910 Taft Avenue, Cleveland, Ohio.
(at present the above body plant is occupied by the
Facto Auto Body Company)
Sales and service branch located at 1235 E. Ninth St.,
Los Angeles, California.
Manufacturing and Body plant at Walkerville, Ontario.
Branch Sales and Service department at Toronto, Ontario.

This property was assigned by the Canadian Corporation along with the fixed assets such as machinery, equipment, furniture and fixtures at these various locations to secure the mortgage covering the bond issue.

The National Trust Company, Ltd. of Canada was appointed Receiver and Manager of this Company's assets in Canada in a proceeding taken in the Supreme Court of Ontario on behalf of the bondholders for the protection of the

security created by the mortgage under which the bonds of the Canadian Corporation were issued.

The Canadian Bank of Commerce which is the largest creditor excepting the bondholders, has exercised a lien on all of the liquid assets in Canada, claiming their right of preference under Section 88 of the Canadian Banking Act and by virtue of this lien they have ~~fixed~~ ^{attached} the assets which they claim as security for their loans of approximately \$600,000.00 or more. Whether anything can be realized for general creditors from the assets in Canada cannot be determined until the secured claims referred to have been satisfied.

Immediately after his appointment your Receiver took possession of the American assets of the Bankrupt corporation. In checking through the records, it was found that the properties owned by this Corporation were rented to the Gotfredson Truck Corporation at a rental of \$115,000.00 per year. This rental agreement was not reached on a basis of values but was set merely as the amount being necessary to take care of the principal and interest payments of the \$1,000,000.00 bond issue.

To further investigate the property in Cleveland, Ohio, your Receiver, with his Attorney, Mr. William J. Griffin, made a trip to Cleveland to look over the auto body plant there. It was found that this property is a five-story building of steel and concrete construction, designed especially for auto body building and trimming and has a total of 175,000 Square feet of floor space. This plant is located at 12910 Taft Avenue, Cleveland, Ohio and is at present occupied by the Facto Auto Body Company under a rental agreement with the Gotfredson Corporation, Ltd. of \$1,500.00 per month with the possibility of an increase to \$2,000.00 or \$2,500.00 providing a lease can be given. Mr. W. C. Coburn of the Facto Auto Body Company stated that he had been called to Toronto a week ago with a view to working out a proposition for longer lease on the building, but he informed the National Trust Company that he did not believe they had any authority to negotiate with him. Your Receiver therefore instructed Mr. Coburn not to make any further payments for the rent to the National Trust Company and he stated that he would deposit in a separate account the rent of \$1,500.00 payable on April 8th, 1929 and would also deposit in a separate account all further funds until such times as his Attorney, Mr. Marlatt of Treadway and

Marlatt, 1259 Union Trust Building, Cleveland, Ohio advised him to pay the money to us.

It was found necessary as Receiver for the Gotfredson Truck Corporation to make a trip to Los Angeles with his Attorney, Mr. William J. Griffin, leaving Detroit on April 11th, 1929 and returning on April 25th, 1929. While in Los Angeles in his capacity of Receiver of the Gotfredson Truck Corporation, the affairs of the Gotfredson Corporation, Ltd. were also investigated.

It was found that this branch is located in an especially fine building which has about ninety feet frontage on East Ninth Street, running back to a depth of approximately 250 Feet. The building provides a very fine display space for trucks. In fact, considering the rental of \$1,288.00 which has been chargeable against this branch, it is entirely too good for the sale of trucks. It is well equipped for automobile purposes, as the garage has two large entrances from the East Side and is divided off into parts and tool rooms with a small amount of machinery and equipment placed to advantage. The property also includes a lot on the East Side of approximately 40 feet frontage with the same depth as the building which is used for used trucks storage and a driveway entrance into the service garage.

A complete inventory of this equipment including machinery and steel bins and such which would probably be covered by the Trust Mortgage under the bond issue will be found attached hereto marked Exhibit A. You will note this inventory is signed by S. M. Knechtel, Ira D. Vinton, both connected with a realty firm of Vinton and Christilan, 1102 Sunset Blvd., Los Angeles, California and your Receiver. A copy of the inventory was left with Mr. Knechtel who was appointed as the Receiver's agent to look after the building and personal property and to deliver the office equipment should a sale of same be made at some future date.

Rather than leave the building vacant, which would have necessitated the maintenance of Watchmen's services and other expenses, your Receiver was fortunate in being able to rent the building for a period of thirty (30) days or longer to Mr. M. R. Kenny, who was the former Manager of the Used Truck Department of the Gotfredson Truck Corporation and who intends to conduct a used

truck business for a short time. No definite arrangement as to the future rental was reached with Mr. Kenney, except \$200.00 for the first thirty days, it being understood that he is to surrender the property May 23rd, 1929 if your Receiver desires possession at that time. The second thirty days rental was increased to \$250.00.

During the month of February, during the financial stress of the Gotfredson Truck Corporation an agreement was entered into with Mr. R. B. Gotfredson for the servicing of outstanding trucks that the company was not able to handle and it was agreed that a rental should be charged for the Service Department of \$350.00 per month and shortly after your Receiver's appointment Mr. R. B. Gotfredson advised him that he was organizing a company for the purpose of manufacturing trucks and could use additional space in the buildings located on Gratiot Avenue and after considerable discussion, it was proposed that Mr. Gotfredson should pay a rental of \$1,000.00 per month for the time being, until such time as a definite agreement regarding a lease could be entered into. This rental is to include the use of the machinery, equipment, office furniture and fixtures as well as all of the plant less that proportion of the space that is occupied by the merchandise belonging to the Gotfredson Truck Corporation which is in charge of the Receiver and is being purchased by Mr. Gotfredson as he needs same.

Farmer & Ochs, the finance company who discounted paper for the Gotfredson Truck Corporation and are a large creditor on this indirect paper, have occasion when notes are not paid to repossess trucks which they are storing in the warehouse on Charlevoix Avenue, Detroit, Michigan. An Agreement has heretofore been entered into with this Company of rental for the space used on a monthly basis of \$100.00 per month and as this rental is received it is deposited in the Receiver's account.

Upon investigation, it was found that there was a balance in the bank account of the Bankrupt company at the First National Bank in Detroit, Michigan of \$335.52. Possession was obtained of these funds and they were transferred to the Receiver's Account.

Your Receiver has held numerous conferences both before and after his appointment with the representatives of the Canadian Receivers and their Attorneys with reference to matters surrounding the business. These discussions

have also included the present rental arrangements with various tenants.

Under date of May 8th, 1929 Mr. Coleman, one of the officers of the Corporation called at your Receiver's office relative to the sale of the Charlevoix property for which he states that he has obtained an offer in the sum of \$60,000.00 cash. It was explained to Mr. Coleman that until such time as an adjudication of the Canadian Company and the election of a Trustee, the bankrupt corporation's interest in the property could not be realized.

The following is a complete report of receipts and disbursements:

R E C E I P T S

<u>1929</u>			
April 27th	Rent received from M. R. Kenny for Los Angeles Bldg. to May 23rd, 1929.	200.00	✓
May 3rd	Transfer to Receiver's account, funds in bank	335.52	
" 23rd.	Rent received from M. R. Kenny for Los Angeles buildings, May 22n, 1929 to June 22, 1929	250.00	✓
June 13th	Farmer & Ochs Co., Rent of warehouse, 3344 Charlevoix Avenue, Detroit, Mich. from April 15, 1929 to June 15, 1929.	200.00	✓
" "	R. B. Gotfredson, Rent service garage from Feb. 23, 1929 to June 23, 1929	400.00	✓
" 17th.	R. B. Gotfredson, Rent of Factory and Office space April 15th, 1929 to July 1st, 1929	800.00	✓
" "	R. B. Gotfredson, Rent of Factory and Office space April 15th, 1929 to July 1st, 1929	<u>825.00</u>	✓
Total Receipts		4,010.52	

D I S B U R S E M E N T S

May 1st	National Surety Co., Receiver's Bond	30.00	
	" " " Creditors' Bond	<u>10.00</u>	
	Total Disbursements	<u>40.00</u>	
	Balance on Hand--6-17-29	3,970.52	

(This statement does not include rental of \$1500.00 per month from the Facto Auto Body Corp., Cleveland, accruing since April 8th, 1929, which is now \$4500.00.)

Respectfully submitted,


 Receiver.

April 22, 1929.

INVENTORY OF OFFICE FURNITURE AND FACTORY EQUIPMENT IN
GOTTFREDSON TRUCK CORPORATION, 1235 E. NINTH STREET,
----- LOS ANGELES, CALIFORNIA. -----

GENERAL OFFICE

- 1 - Oak costumer
- 1 - Oak desk 26 x 36
- 3 - " " 36 x 60
- 1 - " typewriter desk 30 x 37
- 2 - " desks 36 x 26
- 1 - Oak Telephone Operators Stand - 16 x 19
- 3 - Oak swivel chairs with arms
- 1 - " typewriter chair
- 2 - " straight chairs
- 2 - 4 drawer green metal filing cabinet
- 1 - 8 " " " " " "
- 1 - Safeguard check protector #207128
- 1 - Sunstrand Adding Machine and Stand
- 1 - Underwood Typewriter #456456-12
- 4 - Wire Waste baskets
- 1 - Gas Heater
- 1 - Cuspidors (brass)

IN VAULT

- 1 - 4 Drawer steel transfer vault
- 1 - Union Postal scales
- 2 - Small metal cash boxes

PRIVATE OFFICE

- 1 - Walnut Desk 36 x 66
- 1 - " telephone stand 20 x 16
- 1 - Folding Desk Pad
- 2 - Walnut Letter Trays
- 1 - Swivel (walnut) arm chair
- 1 - Straight " chair
- 2 - Arm " chair
- 1 - Rug Approx. 7'6" x 9'
- 1 - Gas Heater
- 1 - Walnut Customore
- 1 - Brass cuspidor
- 1 - Fibre Waste basket
- 2 - Pictures
- 1 - Desk light (in corner)

SHOW ROOM

- 1 - Gothic table 9' x 3 1/4'
- 1 - Round Top table, iron base 36"
- 2 - Large arm reception chairs in leather
- 2 - Small " " " " " "
- 2 - Cuspidors (brass)
- 1 - round fibre waste basket

Exhibit A.

INVENTORY OF OFFICE FURNITURE AND FACTORY EQUIPMENT IN
GOTTFREDSON TRUCK CORPORATION, 1235 EAST NINTH STREET,

----- LOS ANGELES, CALIFORNIA. -----

SHOW ROOM (Continued)

- 1 - Mahogany desk 32 x 50
- 1 - " " 26 x 36
- 3 - " straight chairs
- 1 - " swivel chair
- 1 - Oak costumers

UPSTAIRS OFFICE

- 2 - Mahogany desks 26 x 50
- 3 - " straight chairs
- 1 - Black board

STOCK ROOM

- 18 - Metal sectional parts bins
- 1 - Oak desk 26 x 36
- 1 - Gas Heater
- 5 - Home made wooden bins

FOREMAN'S ROOMS

- 1 - Oak roll top desk
- 1 - " straight swivel chair
- 1 - Folding camp chair with arms

SHOP OR GARAGE

- 1 - Buffalo drive press with motor
- 1 - Barnes arbor press
- 1 - Gardner compressor with motor & storage tank complete
- 1 - U. S. Grinder (2 wheel)
- 12 - Seco Fire Extinguishers ($2\frac{1}{2}$ Gal. capacity)
- 1 - International Time Clock and racks
- 1 - Wall clock

Inventory taken by the undersigned - April 22, 1929.

(Signed) L. E. Deeley
(") S. M. Knechtel
(") Ira D. Vinton

GOTFREDSON CORPORATION LIMITED

WALKERVILLE, ONTARIO

BALANCE SHEET

DECEMBER 31, 1928

CURRENT ASSETS

Cash on Hand		156,490.27
Notes Receivable	863,630.51	
Less Discounted	<u>574,421.78</u>	289,208.73
Accounts Receivable		<u>237,942.56</u>
		527,151.29
Less Reserve for Doubtful		<u>44,913.11</u>
		482,238.18

INVENTORY

Material on Hand & In Process	416,424.53	
New Trucks on Hand	92,826.49	
Second Hand Trucks	<u>74,889.76</u>	<u>584,140.78</u>
		1,222,869.23

OTHER ASSETS

Customs Drawback		36,078.06
Reserve at Finance Company		<u>38,330.91</u>
		74,408.97

AFFILIATED COMPANIES

Gotfredson Truck Corporation		448,346.32
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SECURITIES OWNED

Gotfredson Truck Corp.		798,407.04
" (Illinois) Corp.		15,000.00
De Luxe Cab (Montreal) Ltd.		21,250.00
Beachgrove Country Club		<u>1,750.00</u>
		836,407.04
		2,047,174.28

PLANT ACCOUNT

DEFERRED ASSETS

Bond Discount		84,978.83
Reorganization Expense		35,788.93
Experimental Expense		6,000.00
Unexpired Insurance		7,112.13
Prepaid Freight		4,515.19
Miscellaneous		<u>614.16</u>
		139,009.24
		<u>4,768,215.08</u>

LIABILITIES

Bank Overdraft		8,107.53
Accounts Payable		58,010.97
Sales & Excise Tax		2,493.28
Accrued Payroll		7,790.47
Accrued Bond Interest		<u>32,288.10</u>
		108,690.35

NOTES PAYABLE AT BANK

708,188.48

6½% MORTGAGE BONDS

974,000.00

Capital Stock
Profits to December 1928

3,018,234.32
40,898.07

2,977,336.25

4,768,215.08

GOTFREDSON CORPORATION LIMITED

WALKERVILLE, ONTARIO

PROFIT & LOSS - YEAR 1928

SALES

New Trucks	1,319,250.47
Used Trucks	215,547.78
Service	397,227.21
Trimming Br.	221,006.64
Total	<u>2,153,032.10</u>

COST OF SALES

New Trucks	930,321.65
Used Trucks	236,941.11
Service	268,473.92
Trimming Br.	140,171.06
Total	<u>1,575,907.74</u>

GROSS OPERATING PROFIT

New Trucks	388,928.82
Used Trucks	21,393.33
Service	128,753.29
Trimming Br.	80,835.58
Total	<u>577,124.36</u>

EXPENSES

Sales	21,589.11
Administrative	44,419.38
Operating	117,114.50
Branch	397,409.49
Total	<u>580,532.48</u>

Net Operating Profit

3,408.12

OTHER INCOME

Interest Earned	12,862.34
Discount Earned	14,136.65
Miscellaneous Earnings	3,057.28
Rent Earned	6,685.00
Total	<u>36,741.27</u>

Total Income

33,333.15

LOSS ON REVERSE SALES

Miscellaneous Deductions	175.00
Total	<u>5,911.70</u>

Net Profit

27,246.45

Rent Paid by Gotfredson Truck

115,000.08

Available for Interest, Depreciation, Taxes

142,246.53

Less*

Interest on Current Loans	42,223.26
" " Mortgage Bonds	64,788.12
Depreciation - Rented Property	55,909.79
Re-organization Expense	10,220.37
Bond Discount	10,003.06
Total	<u>183,144.60</u>

Net Profit Loss

40,898.07

GOTTFREDSON CORPORATION LIMITED

WALKERVILLE, ONTARIO

ANALYSIS OF CAPITAL ACCOUNT

Capital Stock - January 1, 1928		3,195,125.81
Charges Against Capital Stock during 1928		
Customs Drawback	4,821.62	
Red Bus Lines Write Off	38,998.94	
Loss on Reverse Sales	83,379.42	
Write Off on Obsolete Inventory	49,691.51	
Loss from Operations - 1928	40,898.07	217,789.56
Balance as at December 31, 1928		<u>2,977,336.25</u>

In Bankruptcy
No. 9412

IN THE DISTRICT COURT OF THE UNITED
STATES; FOR THE EASTERN DISTRICT
OF MICHIGAN, SOUTHERN DIVISION

UNITED STATES COURT
EASTERN DIST. OF MICH.

In the Matter of

JUN 22 10 40 AM 1929

GOTTFREDSON CORPORATION, LTD.
a Canadian Corporation,

REFEREES IN BANKRUPTCY
DETROIT OFFICE

RECEIVED Bankrupt.

RECEIVED'S REPORT

FILED

JUN 22 1929

—o'clock— M

George A. Marston & Paul H. King
Referees

WILLIAM J. GRIFFIN
ATTORNEY AT LAW
274 FIRST NATIONAL BANK BLDG.
DETROIT, MICH.