

CANADA  
Province of Ontario  
Division No.: 09- Toronto  
Court No.: 31-2932534  
Estate No.: 31-2932534

**TRUSTEE'S PRELIMINARY REPORT TO CREDITORS  
ON THE BANKRUPTCY ADMINISTRATION**

**IN THE MATTER OF THE BANKRUPTCY OF  
2800741 ONTARIO INC.  
OF THE CITY OF TORONTO  
IN THE PROVINCE OF ONTARIO**

Licensed Insolvency Trustee ("Trustee"): MNP Ltd.

*The information contained in this Preliminary Report has been prepared from the available books and records of the Company (as such term is later defined) and discussions with the Management. 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.*

**Section A – Introduction and Background**

**The CCAA Proceedings**

1. 2800741 Ontario Inc. (the "**280 ON**" or the "**Company**") was incorporated on December 16, 2020, for the purpose of continuing the proceedings (the "**CCAA Proceedings**") commenced by TribalScale Inc. ("**TribalScale**") under the Companies' Creditors Arrangement Act ("**CCAA**").
2. TribalScale is a technology innovation firm providing services to companies located in Canada and the United States on digital product strategy, design and development for web, mobile and emerging tech.
3. The primary purpose of the CCAA Proceedings (the "**CCAA Objectives**") was to stabilize TribalScale's business which included collecting certain disputed outstanding receivables, primarily the SiriusXM Receivable (defined below).
4. TribalScale commenced its business in 2015 and had early success.
5. On April 26, 2019, TribalScale entered into a professional services agreement with SiriusXM Connected Vehicle Services Inc. ("**SiriusXM**"), which was further particularized

through individual statements of work, including the statement of work effective November 23, 2019 (the “**Professional Services Agreement**”). Tribalscale performed and invoiced for services under the Professional Services Agreement.

6. In early 2020, TribalScale was in financial distress due to a number of factors including the emergence of COVID-19, delay in collections from certain existing customers due to disputes and high operating and payroll expenses.
7. On May 19, 2020, TribalScale filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the Bankruptcy and Insolvency Act, RSC 1985, c. B-3, as amended (“**BIA**”). MNP Ltd. (“**MNP**”), was appointed as the proposal trustee in the NOI proceeding.
8. As at the date of the NOI filing, US\$504,182.77 was invoiced by TribalScale and overdue under the Professional Services Agreement.
9. On July 31, 2020, Honorable Justice Gilmore granted an Order converting the NOI proceeding into a proceeding under the CCAA. MNP was appointed as the Monitor, and the initial stay period covered until and including October 31, 2020 (the “**Initial Order**”).
10. Following the Initial Order, TribalScale finalized a restructuring support agreement (the “**RSA**”) with its largest secured creditor. The RSA contemplated a reverse vesting transaction to facilitate TribalScale’s emergence from CCAA protection.
11. On October 30, 2020, Honorable Justice Conway granted an Order that, among other things, authorized TribalScale to enter into the RSA.
12. On January 5, 2021, TribalScale, with the assistance of the Monitor, held a meeting of creditors to consider and vote on TribalScale’s Plan of Compromise and Arrangement dated November 22, 2020 (as amended on January 4, 2021) (the “**Plan**”). The Plan was approved.
13. On January 11, 2021, Honorable Justice Cavanagh granted an Order that, among other things, approved and sanctioned the Plan (the “**Sanction Order**”).
14. The Sanction Order, among other things, (a) ordered that 280 ON is a company to which the CCAA applies; (b) added 280 ON as an Applicant in the CCAA Proceedings; and (c) vested in 280 ON: (i) all of TribalScale’s unsecured liabilities, and (ii) all of TribalScale’s claims against SiriusXM, including (among other things) any actions, claims, rights or lawsuits of any nature held by TribalScale against SiriusXM (the “**SiriusXM Receivable**”).
15. On January 28, 2022, the Honorable Justice Dietrich granted an order that, among other things: (a) ordered TribalScale’s discharge from the CCAA proceedings, and (b) authorized 280 ON to enter into a litigation funding agreement (the “**LFA**”) between

TribalScale and 280 ON and directed TribalScale and 280 ON to take all steps to comply with their obligations under the LFA.

16. The LFA contemplated that, among other things, 280 ON would pursue litigation to recover the SiriusXM Receivable; 280 ON would remain in control of the litigation but would be supervised by the Monitor and a creditors' committee; TribalScale would fund 280 ON's litigation fees expenses (the "**Litigation Expense Amounts**"); and, as such, TribalScale would be entitled to second-priority recovery of the Litigation Expense Amounts from any litigation proceeds.

### **Recovery of The SiriusXM Receivable**

17. Following January 28, 2021, 280 ON under the direction of the creditors' committee, the Monitor, and with the assistance of its legal counsel, attempted to consensually resolve the SiriusXM Receivable dispute. Those attempts were unsuccessful.
18. On August 12, 2021, 280 ON filed Case No. 3:21-cv-01886-X; 2800741 Ontario Inc. v. SiriusXM in the United States District Court for the Northern District of Texas (the "**Sirius Litigation**"), claiming that SiriusXM failed to perform their obligations under the Professional Services Agreement, including paying the SiriusXM Receivable.
19. 280 ON consulted with the creditors' committee and the Monitor prior to initiating the Sirius Litigation.
20. On October 18, 2021, SiriusXM answered the Sirius Litigation, denying all of 280 ON's claims, and counter-claiming that 280 ON failed to perform the Professional Services Agreement.
21. On November 9, 2021, 280 ON answered the counterclaim.
22. On November 22, 2021, the U.S. District Court for the Northern District of Texas issued a Scheduling Order, which schedule provided, among other things, a bench trial to be scheduled by January 16, 2023.
23. SiriusXM and 280 ON resumed settlement discussions in March 2022.

### **Settlement with SiriusXM**

24. On April 13, 2022, SiriusXM and 280 ON reached a settlement (the "**Settlement Agreement**"), pursuant to which: (a) the Sirius Litigation would be discontinued by 280 ON in return for a cash payment by SiriusXM to 280 ON (the "**Litigation Proceeds**"); (b) the parties would enter into a mutual release; and (c) certain terms of the Settlement Agreement, such as the value of the Litigation Proceeds, would be treated as confidential.

25. 280 ON consulted with the creditors' committee and the Monitor prior to agreeing to the Settlement Agreement.

### **The Distribution of the Litigation Proceeds**

26. The Litigation Proceeds were remitted to the Monitor. The Monitor distributed the Litigation Proceeds in accordance with the CCAA Termination Order (defined below) to satisfy payment of: (i) the amounts due to the Company's professional advisors pursuant to the Administration Charge; and (ii) to TribalScale to reimburse it for the fees and expenses it incurred in connection with its claims against SiriusXM. The balance of the Litigation Proceeds, net of ongoing fees and expenses related to the CCAA Proceedings, (the "**Residual Funds**") is being held by the Monitor. The Monitor, in consultation with the Company, determined that assigning the Company into bankruptcy would be the most cost-effective method to conduct a claims process and make dividend distributions of the Residual Funds, as opposed to developing and implementing a claims process under the CCAA Proceedings.

27. The CCAA Objectives were satisfied upon the settlement of the SiriusXM Receivable.

28. Accordingly, 280 ON brought an application for an order (the "**CCAA Termination Order**") that, among other things: (i) approved certain distributions under the LFA; (ii) terminates the CCAA Proceedings at the CCAA Termination Time; (iii) contemplates that the CCAA Proceedings will terminate upon the Monitor filing the Discharge Certificate with the Court (the "**CCAA Termination Time**"); (iv) discharges MNP as Monitor of 280 ON at the CCAA Termination Time; and (v) authorizes 280 ON to file an assignment in bankruptcy (the "**Assignment**") and authorizes the Monitor to execute the Assignment and related documents.

29. On February 7, 2023, the Honorable Justice issued the CCAA Termination Order.

30. Pursuant to the proposed CCAA Termination Order, on April 3, 2023, the Monitor (through its counsel) provided notice of its intention to file the discharge certificate (the "**Discharge Certificate**") contemplated by the CCAA Termination Order to the Service List,

31. The Monitor did not receive an objection to the filing of the Discharge Certificate and proceeded to file the Discharge Certificate on April 12, 2023.

32. Upon the bankruptcy filing, the Residual Funds vested in the trustee in bankruptcy of 280 ON's bankruptcy estate.

More information about the CCAA Proceedings is available on Monitor's website at <https://mnpdebt.ca/en/corporate/corporate-engagements/tribalscale-inc>

## **The Bankruptcy**

On April 13, 2023, pursuant to the CCAA Termination Order, MNP, on behalf of the Company, executed and filed the Assignment. MNP was appointed as the Trustee of the estate of the bankrupt by the official receiver, subject to affirmation by the creditors of the Trustee's appointment or substitution of another trustee by the creditors.

As noted above, 280 ON activities have been confined to settling the SiriusXM Receivable.

The Company's designated officer is Mr. Sheetal Jaitly, the sole Director of the Company.

On April 17, 2023, the Notice to Creditors advising of the bankruptcy and the first meeting of creditors, a list of creditors, a proof of claim form, along with a proxy and the Statement of Affairs ("**SOA**") was sent to all known creditors of the Company. Pursuant to subsection 102(4) of the BIA, the Notice of Bankruptcy was published in the *Toronto Sun* newspaper on April 18, 2023.

### **Section B - Evaluation of Assets**

According to the SOA, the Company's only asset is the Residual Funds of \$242,043.45.

### **Section C - Conservatory and Protective Measures**

Upon the bankruptcy, the Residual Funds were transferred to the bankruptcy estate.

### **Section D – Secured Creditors**

The Trustee is not aware of any secured creditors, as such were previously addressed through and during the CCAA Proceedings.

### **Section E - Provable Claims**

The claims of creditors as per the Company's Statement of Affairs ("**SOA**") and the claims filed as of 9:00 am on April 28, 2023, are summarized below:

<b>Type of Liability</b>	<b>Per SOA</b>	<b>Claims as filed</b>
Secured	Nil	Nil
Preferred	Nil	Nil
Unsecured	\$2,485,219	\$134,005
<b>Total</b>	<b>\$2,485,219</b>	<b>\$134,005</b>

Please note that the Trustee has not determined the admissibility of the above-noted claims for dividend purposes.

## **Section F – Books and Records**

The Company's books or records are limited to the settlement of the SiriusXM Receivable, and information related to the Transferred Liabilities.

## **Section G – Legal Proceedings,**

The Trustee has not commenced any legal proceedings on behalf of the estate.

## **Section H - Reviewable Transactions & Preference Payments**

Not applicable. All liabilities transferred to 280 ON were transferred in accordance with the Sanction Order.

## **Section H - Anticipated Realization and Projected Distribution**

To date, 280 ON and the Monitor have not conducted a claims process to identify the extent of 280 ON's unsecured liabilities. The Trustee intends on distributing the Residual Funds, net of the fees and expenses related to administering 280 ON's creditors, to 280 ON's creditors with proven claims after conducting the claims process under the BIA.

## **Section I – Other**

The costs of the bankruptcy will be paid from the Residual Funds.

Dated April 28, 2023.

**MNP Ltd.**, in its capacity as  
Trustee of the Estate of 2800741 Ontario Inc., a bankrupt  
and not in its personal capacity

Per:



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Sheldon Title, CPA, CA, CIRP, LIT  
Senior Vice President