

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF
LOCAL LEADER INC.**

ORDINARY ADMINISTRATION

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

BACKGROUND

Local Leader Inc. (“**Local Leader**” or the “**Company**”) is a federally registered corporation. The Company was named Revoupon Inc. from January 16, 2013, until January 16, 2014. The Company then changed its name to Parkbench Inc. until the name was changed to Local Leader Inc. on January 3, 2023.

The Federal Corporation Information search indicates that the Company’s directors are Amanda Newman and Grant Findlay-Shirras (the “**Directors**”).

The Company operated under a subscription based model and provided marketing services to real estate agents. The Company’s platform enabled users to create profiles and leverage data to promote engagement within specific communities or neighborhoods.

The Company experienced cash flow difficulties over the 12 month period leading up to its insolvency and was unable to meet its obligations as the generally became due. The Company was negatively impacted by rising interest rates which caused a decline in real estate transactions. Fewer real estate transactions, by extension, led to the Company’s sales being reduced during 2023. The Company explored options with regards to renegotiating its financing terms and the Company also began preliminary discussions with regards to a sale of the company or a merger. None of these options came to fruition.

ASSIGNMENT IN BANKRUPTCY

The Company made a voluntary assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* effective January 31, 2024. MNP Ltd. was appointed as the

Licensed Insolvency Trustee of the Bankrupt Estate (the “**Trustee**”), subject to creditor affirmation at the First Meeting of Creditors.

Notice of the Assignment in Bankruptcy and First Meeting of Creditors was sent to all known creditors on February 5, 2024.

ASSETS

The Statement of Affairs filed in the bankruptcy reported Other Property valued at \$1,000 and a vehicle with a value of \$100,000. The vehicle was subject to a lease agreement with Land Rover Kelowna. The value presented on the Statements of affairs was approximately the vehicle’s Black Book value. The buyout amount provided by Land Rover Kelowna exceeds the estimated value of the vehicle. The Directors returned the leased vehicle immediately after the bankruptcy. The Trustee does not expect there to be any equity available for the estate from this asset.

The value for Other Property represents the Company’s intellectual property. The Trustee is in the process of evaluating the value for these assets.

The Trustee has undertaken a preliminary review of the Company’s books and records which indicate that there are loan balances owing to the Company.

The Trustee will continue its evaluation of these assets and will discuss options for realizing on these assets with the inspectors, if appointed.

PROVABLE CLAIMS

It is the duty of the Trustee to examine and satisfy itself as to the validity and priority of all claims filed in the Estate. As of the date of this report, 48 proofs of claim have been filed with the Trustee and represents \$971,682.88 in total creditor claims.

	Statement of Affairs	Filed
Secured creditors	\$101,000.00	\$532,957.82
Preferred creditors	Nil	Nil
Unsecured creditors	\$3,572,212.99	\$438,725.06
Total	<u>\$3,673,212.99</u>	<u>\$971,682.88</u>

There were not any significant differences between the claims filed and claims listed on the Statement of Affairs.

SECURED CREDITORS

According to a British Columbia Personal Property Registry search performed on January 24, 2024, Timia Capital Holdings Limited Partnership has registered security interests against the Company’s assets.

Timia Capital Holdings Limited Partnership (“Timia”)

Timia has general security agreement over all the Company’s present personal property.

Timia has filed a proof of claim with the Trustee. Timia’s claim includes a secured claim of \$520,000 and an unsecured claim of \$150,000.

Canada Revenue Agency (“CRA”)

CRA has a “deemed trust” claim or property claim equal to the amount of payroll deductions withheld from employees’ compensation and not remitted to CRA. This claim comes in priority to the claims of all other creditors. The Company’s payroll was processed by a third-party payroll provider and we do not expect a material balance owing in relation to payroll source deductions.

To date, a proof of claim has not been received from CRA in relation to the unremitted payroll source deductions. The Trustee will engage in correspondence with CRA for the purpose of confirming the deemed trust amounts owing to CRA, if any.

Any debt owing to CRA for unremitted goods and service tax at the date of bankruptcy will rank as a general, unsecured claim.

Claims of Wage Earners

Pursuant to Section 81.3(1) of the BIA, claims of employees who are owed wages, vacation pay, and other compensation for services rendered in the six-month period preceding the Date of Bankruptcy are secured, to the extent of \$2,000, by security over the Company’s assets (Other Property).

Ten employees qualified under the Wage Earners Protection Program (“WEPP”) for unpaid wages, vacation pay, and termination pay. We estimate the priority claim from these employee claims to be \$12,956.

PREFERRED CREDITORS

There are no preferred creditors noted.

UNSECURED CREDITORS

The Statement of Affairs reports total unsecured creditors of \$3,572,213. Ultimately the amounts owing to the unsecured creditors will be based on proofs of claim filed by the creditors and admitted by the Trustee.

SALE OF ASSETS

The Trustee will evaluate options and will consult with inspectors regarding the sale of the Company’s intellectual property and the collection of any loan balances owed to the Company.

OTHER MATTERS

Books and Records

The Trustee is in possession of certain books and records at the date of bankruptcy that were provided by the Company.

Legal Proceedings

The Trustee has not commenced any legal proceedings at the date of this report.

Conservatory and Protective Measures

The Trustee confirmed that the Company’s vehicle was returned to the lessor. The Trustee is in possession of the Company’s database and source code. The Trustee has requested that all of the Company’s webpages be taken down.

Preferences, and Transactions at Under Value

The Trustee will undertake a review of the Company’s books and records preceding the date of bankruptcy in order to ascertain whether or not any preferential payments and/or reviewable transactions have occurred within the last three months or, where related parties are involved, within the last twelve months.

Directive 16 Third-Party Deposits and Guarantees

Grant Findlay-Shirras provided the Trustee with a retainer in the amount of \$20,000 (the “**Retainer**”) to be used for the Trustee’s professional fees. The Retainer will cover the professional fees associated with the basic bankruptcy process. Further actions taken by the Trustee including administering a sales process, or litigation would require additional funding for professional fees.

ESTIMATED REALIZATION

The estimated realization for unsecured creditors is dependent upon the value received through the sales process with respect to the intellectual property and the collectability any balances owing to the Company. The estimated recovery for creditors is unknown at this time.

All dividends payable by the Trustee to creditors are subject to a 5% levy payable to the Office of the Superintendent of Bankruptcy.

This concludes the Trustee’s Preliminary Report to Creditors.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of February, 2024.

MNP Ltd.

In its capacity as Licensed Insolvency Trustee
of the Bankrupt Estate of
Local Leader Inc.
and not in its personal capacity



Seamus Boyle CPA, CIRP, LIT
Vice President