

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

**IN THE MATTER OF THE BANKRUPTCY OF  
MYZONE MEDIA INC.**

**TRUSTEE'S REPORT TO CREDITORS**

**JUNE 24, 2024**

**BACKGROUND AND INSOLVENCY EVENTS**

This report has been prepared by MNP Ltd., in its capacity as Licensed Insolvency Trustee (the "Trustee") of the bankrupt estate of MyZone Media Inc. (the "Company" or "MyZone") to provide preliminary information to the creditors as at the date of this report.

The Company was incorporated in British Columbia on February 29, 2008, and the Company's sole director as at the date of bankruptcy was Mr. Mike Schwarz ("Mr. Schwarz"). The Company owned and operated an online ticketing platform, digital marketing, and web development agency. Operations were conducted out of leased premises in Vancouver, British Columbia. The Company vacated the leased premises prior to filing for bankruptcy.

We understand the Company ran into financial difficulties due to declining sales as a result of Covid-19 and the impact on live and in-person events. Consequently, the Company was unable to meet their obligations to their secured creditors. The Company generally ceased operations in late 2023 and made an assignment into bankruptcy on June 7, 2024. MNP Ltd. consented to act as the Licensed Insolvency Trustee.

## **FINANCIAL SITUATION**

Table 1 summarizes the statement of operations for the fiscal years ending February 28, 2022, and February 28, 2023. These financial statements were prepared by an independent, external accountant. Due to bankruptcy and ongoing financial challenges, the Company has not prepared financial statements for the 2024 year-end.

	<b>Year Ended Feb. 28, 2022</b>	<b>Year Ended Feb. 28, 2023</b>
Revenue	7,900,646	3,435,098
Cost of sales	(5,590,414)	(1,664,708)
Gross profit	<u>2,310,232</u>	<u>1,770,390</u>
Operating and admin expenses	(2,137,031)	(2,546,118)
Net income for the year	<u>173,201</u>	<u>(775,728)</u>
Gains (losses) on foreign exchange	1,968	12,239
Write-off of accounts payable	229,929	-
Write-off of inventory	-	(2,805,190)
	<u>231,897</u>	<u>(2,792,951)</u>
<b>Net Income (loss)</b>	<u><b>405,098</b></u>	<u><b>(3,568,679)</b></u>

The Company had incurred a net loss of \$3,568,679 for the fiscal year ended February 28, 2023.

Table 2 summarizes the balance sheet for the fiscal years ending February 28, 2022, and February 28, 2023. These financial statements were prepared by an independent, external accountant.

Table 2

	Year Ended Feb. 28, 2022	Year Ended Feb. 28, 2023
<b>Assets</b>		
Cash	-	350,989
Accounts receivable	1,130,862	72,727
Inventory	2,948,365	64,040
Prepaid expense	334,644	35,826
	<b>4,413,871</b>	<b>523,582</b>
Property and equipment	11,878	7,809
Intangibles	513,074	247,360
Long term investments	25,013	275,013
Due from related parties	92,738	4,065,129
	<b>642,703</b>	<b>4,595,311</b>
	<b>5,056,574</b>	<b>5,118,893</b>
<b>Liabilities and Shareholders' Deficiency</b>		
Bank indebtedness	69,880	-
Short term debt	1,818,319	2,239,206
Accounts payable and accrued liabilities	2,153,697	2,053,067
Deferred revenue	479,305	3,915,757
Due to shareholders	194,242	193,348
Current portion of long term debt	81,604	84,507
	<b>4,797,047</b>	<b>8,485,885</b>
Long term debt	1,238,240	1,180,400
	<b>6,035,287</b>	<b>9,666,285</b>
Share capital	95,567	95,567
Shareholder's equity (deficit)	(1,074,280)	(4,642,959)
	<b>5,056,574</b>	<b>5,118,893</b>

### **CONSERVATORY AND PROTECTIVE MEASURES**

We understand the Company previously operated from a leased premises and all assets were removed from the leased premises prior to bankruptcy.

The Trustee understands the Company officially ceased all business activities in late 2023. The Company had no employees as at the date of bankruptcy and there are no outstanding salaries, wages, vacation pay, or severance amounts owed to employees.

The Trustee sent correspondence to the Royal Bank of Canada ("**RBC**"), TD Canada Trust ("**TD**"), Wise Payments Canada Inc. ("**Wise Payments**"), and Wise US Inc. ("**Wise US**") requesting the Company's accounts be frozen and any funds remaining be forwarded to the Trustee.

RBC has confirmed the accounts are closed and the funds in the accounts as of the date of bankruptcy have been applied to the outstanding balance owing.

TD has confirmed that the accounts are closed and there were no funds in the account as of the date of bankruptcy.

Wise Payments has confirmed that the account is closed and remitted the funds in the account in the amount of \$1,171.81 to the Trustee.

Wise US has confirmed that the account is closed and there were no funds in the account as of the date of bankruptcy.

As discussed later in this report, the Company completed a sale of its printing division, including various web domains, printers, and printing technology to a third party prior to the date of bankruptcy. The proceeds from the sale in the amount of \$36,750 were remitted to the Trustee.

### **BOOKS AND RECORDS**

The Trustee has taken possession of certain books and records of the Company, including financial statements, payroll records, and bank statements.

The Trustee is in the process of obtaining access to the tax records of the Company through the authorized representative process of the Canada Revenue Agency ("**CRA**").

## **SECURED CREDITORS**

Table 3 provides a listing of the secured claims, according to the books and records of the Company and the British Columbia Personal Property Registry, that may have a priority over the claims of the unsecured creditors.

<b>Creditor</b>	<b>Table 3 Estimated Claim</b>
Royal Bank of Canada	2,068,347
Business Development Bank of Canada	265,690
ClubVibes Media Technologies	1

We understand that any amounts owing to the Canada Revenue Agency (“**CRA**”) related to unpaid source deductions may constitute a deemed trust property claim with priority over all other secured claims. CRA has not filed a proof of claim as of the date of this report. The Company’s books and records indicate a NIL balance owing to CRA for source deductions.

RBC has a secured claim for a loan extended to the Company. The loan is secured by a general security agreement over all present and after-acquired property. The Company’s records indicate a balance owing of approximately \$2M. RBC has not filed a proof of claim as of the date of this report.

Business Development Bank of Canada (“**BDC**”) is secured by a general security agreement over all present and after-acquired property. BDC has not filed a proof of claim as of the date of this report.

ClubVibes Media Technologies (“**ClubVibes**”) is secured by a general security agreement over all present and after-acquired property. ClubVibes has not filed a proof of claim as of the date of this report.

## **UNSECURED CREDITORS**

Based on the Company's books and records, the Trustee is aware of 23 unsecured creditors owed approximately \$5,140,244. Table 4 outlines the major unsecured creditors.

<b>Creditor</b>	<b>Table 4 Estimated Claim</b>
XPEC Enterprises Inc. dba Medura PPE	1,312,500
0803153 BC Ltd.	437,236
Victoria Ellen Chemko	122,235
Ken Chi Tran	116,836
Tae Ouk Kim	111,333
Joanna S. Schwarz	109,309
Robert Randall	109,309

## **IDENTIFICATION AND VALUATION OF ASSETS**

The Company's assets consist of cash and accounts receivables. Table 5 provides a preliminary estimate of the realizable value of the assets of the Company.

	Per Statement of Affairs as at June 3, 2024	Estimated Realization	
		Low	High
	(000's)	(000's)	
Cash	46	37	37
Accounts receivable	15	14	18
	61	51	55
Professional fees		20	25
Net recovery		31	30
Amount owing to RBC		2,068	2,068
Estimated shortfall to RBC		(2,037)	(2,038)

The table above assumes the security held by RBC is valid and enforceable against the Trustee.

Cash includes amounts held in the Company's various deposit accounts and proceeds from the sale of the printing division completed prior to bankruptcy.

As at the date of bankruptcy, the Company had \$15,000 of accounts receivable related to monthly commissions on marketing contracts from a related party. The Company has estimated the entire \$15,000 will be collected in full by May 2025. The Trustee has made arrangements to have these payments made to the Trustee's account going forward.

The Company has a 10.05% equity investment in AgencySuite Technologies Inc. ("AgencySuite"). AgencySuite is still in its startup phase, but its shares may be valuable at a later date. The Trustee will advise AgencySuite of its interest and will monitor the financial affairs accordingly.

Based on the estimated realizations and conversations with management the Trustee estimates a substantial shortfall to the Company's senior secured creditor, RBC. No recovery is expected to the unsecured creditors.

## **LEGAL ACTIONS**

The Trustee is not aware of any ongoing litigation against or by the Company.

## **REVIEW OF RECORDS & CONDUCT OF THE DEBTOR**

The Trustee is in the process of reviewing the books and records of the Company that were made available, including bank statements for the period of January 1, 2023, to June 7, 2024, payroll records, and externally prepared financial statements for fiscal years 2022 and 2023.

Prior to the date of bankruptcy, the Company sold its printing division, including various website domains, printing equipment, and technology to a third party for \$35,000 plus tax. The proceeds have been remitted to the Trustee. The Company made various efforts to market these assets for sale to various industry competitors and customers. The Trustee has reviewed the marketing efforts and sale documentation and believes the sale was in the best interest of the Company's creditors. The Trustee understands the sale was supported by the Company's senior secured creditor, RBC.

The Trustee will seek instructions from the Inspector, or creditors of the estate, in the event any transactions are identified that could be regarded as preference payments or transfers undervalue in accordance with the *Bankruptcy and Insolvency Act*.

## **CONCLUSION**

The Trustee estimates there will be no recovery to the unsecured creditors.

### **MNP Ltd.**

Licensed Insolvency Trustee of MyZone Media Inc.

Per: \_\_\_\_\_



Kristin Gray, CPA, CA, CIRP, LIT  
Senior Vice President