

District of Alberta
Division No.: Calgary
Estate No: 25-3087959
Court No: 25-3087959

**IN THE MATTER OF THE BANKRUPTCY OF
THE UPSIDE INC. (o/a THE REVENTE)
TRUSTEE'S PRELIMINARY REPORT**

The information contained in this report has been prepared from the available books and records of the Company (as subsequently defined) and discussions with 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 contained therein.

BACKGROUND

1. On June 3, 2024 (the "**Filing Date**"), The Upside Inc. (the "**Company**") made an assignment in bankruptcy and MNP Ltd. was appointed as Trustee of the bankrupt estate. Publicly available documents related to the bankruptcy are available on the Trustee's website at: <https://mnpdebt.ca/en/corporate/corporate-engagements/the-upside-inc-oa-the-revente>.
2. The Company was incorporated under *the Business Corporations Act of Alberta* on March 16, 2015. Jill Carlsen and Shelley Kuipers are its current directors.
3. The Company operated a luxury consignment boutique, located at 239 10th Avenue SE in Calgary, Alberta (the "**Premises**"). The Company's operations were impacted by the Covid-19 pandemic, which increased its reliance on its online platform. In December 2022, the Company experienced a cybersecurity incident, which further impacted its operations, resulting in it being unable to meet its financial obligations. The Company ceased to operate in early 2024 and had vacated the Premises and terminated all contractors and employees prior to the Filing Date.
4. On June 5, 2024, the Notice of Bankruptcy, 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 *Bankruptcy and Insolvency Act* ("**BIA**"), notice of the Company's bankruptcy was published in the June 6, 2024, edition of the Calgary Herald newspaper.

ASSETS

5. On the Filing date, the Company reported holding assets included appliances and miscellaneous clothing items with an estimated value of \$2,500 (the "**Assets**").

CONSERVATORY AND PROTECTIVE MEASURES

6. The Trustee did not take possession of the Assets as, based on the estimated liquidation value of the Assets, estimated realization costs and the quantum of the Secured Claims (as subsequently defined), there is not anticipated to be any recovery for the Company's unsecured creditors from the Assets.

BOOKS AND RECORDS

7. The Trustee is in possession of the available books and records of the Company, which are limited.

SUMMARY OF CLAIMS

8. As at the Filing Date, the Company listed the following secured claims:
 - a. ATB Financial ("**ATB**") is listed as having a secured claim of approximately \$60,000 (the "**ATB Claim**"); and
 - b. Business Development Bank of Canada ("**BDC**") is listed as having a secured claim of approximately \$250,000 (together with the ATB Claim, the "**Secured Claims**").
9. Both ATB and BDC appear to hold registered security interests in the Company present and after acquired property.
10. As the time of this report, the Trustee had received four unsecured claims totaling \$104,794.11, which have been reviewed and admitted for voting purposes by the Trustee. The Trustee had not received any proxies.

REVIEW OF FRAUDULENT PREFERENCES AND TRANSFERS AT UNDERVALUE

11. The Trustee is required to undertake a review of any transactions that occurred prior to the date of bankruptcy that would constitute a transfer at undervalue or a fraudulent preference as defined by subsections 95 and 96 of the *Bankruptcy and Insolvency Act* (the "**Review**"). The Trustee expects to commence the Review shortly.

LEGAL

12. The Trustee retained Caron & Partners LLP ("**C&P**") for the purpose of providing a legal opinion on the security held by ATB which appears to be the first-registered security interest in the Personal Property Registry of Alberta. C&P provided a legal opinion to the Trustee confirming that, subject to the usual assumptions and qualifications, the security interests created by in favour of ATB are valid and enforceable as against the Company.

DIRECTIVE 16 THIRD-PARTY AND GUARANTEES

13. Adventure Capital Inc. has provided the Trustee with a retainer in the amount of \$21,000 to satisfy the professional fees related to the administration of the bankrupt estate.

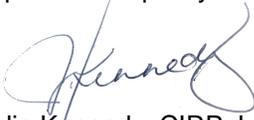
ESTIMATED REALIZATIONS

14. Given the estimated liquidation value of the Assets and the quantum of the ATB Claim, the Trustee intends to release any interest in the Assets to ATB and does not anticipate that there will be any proceeds available for distribution to BDC or the Company's unsecured creditors.

Dated at Calgary, Alberta this 20th day of June 2024.

MNP Ltd.

In its capacity as Trustee of the Estate of
The Upside Inc. (o/a the Revente) and not in
its personal capacity

A handwritten signature in blue ink, appearing to read "Julie Kennedy", is written over the text of the signature block.

Julie Kennedy, CIRP, LIT
Vice President