

Estate No. 11-2687860
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE BANKRUPTCY OF
10021062 MANITOBA CORP. o/a DINE UNDER THE STARS

ORDINARY ADMINISTRATION

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

BACKGROUND

10021062 Manitoba Corp operating as Dine Under the Stars (“DUS” or the “Company”) is an event management company that organized unique, pop-up dinner events in various cities across Canada and the United States which were hosted at outdoor venues inside glass-like domes. DUS was incorporated July 9, 2018 in Manitoba and a Notice of Change of Registered Office was submitted to the Manitoba corporate registry in July 2020 updating the Company’s head office location to Vancouver, B.C. At the date of bankruptcy, the Company’s Directors were Khrystyna Prokopovych and Ryan Wibawa.

DUS’ events were seasonal, offering their pop-up dinner events in either the Spring or Fall seasons. DUS was preparing for its Spring event season in mid-March 2020 when the COVID-19 Pandemic (the “Pandemic”) caused all but essential services to shut down across North America. At that time, DUS had sold tickets for scheduled events in Edmonton, Alberta; Quebec City, Quebec; Denver, Colorado and Minneapolis, Minnesota.

Due to the Pandemic, DUS was no longer able to host its March 2020 events as planned, or the October 2020 events. DUS considered rescheduling the events to future dates, but due to social distancing requirements, the length of time that the Pandemic had continued, concerns over the Fall “second wave”, and the overall uncertainty surrounding the Pandemic, management felt that DUS did not have the resources to navigate next steps.

Almost immediately after the Pandemic was announced in March, customers began demanding refunds.

Assignment in Bankruptcy

As management determined that the Company was unable to meet all of its obligations, and in order to ensure its creditors were dealt with in an equitable way, DUS made a voluntary assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* (“**BIA**”) effective November 10, 2020 and MNP Ltd. was appointed Licensed Insolvency Trustee (the “**Trustee**”) of the Bankrupt Estate, subject to creditor affirmation at the First Meeting of Creditors.

ASSETS

According to the Statement of Affairs filed in the bankruptcy, the assets of DUS include:

Statement of Affairs

Cash	\$ 325,000
Venue and Catering Deposits	415,579
Furniture, Décor and Domes	\$ <u>65,600</u>
Total Assets	\$ <u>806,179</u>

Cash

The Company transferred approximately \$330,750 to the Trustee to hold prior to the assignment in bankruptcy. DUS maintained two bank accounts with Royal Bank of Canada (“**RBC**”). The Trustee wrote to RBC and requested that these accounts be closed, and should any funds remain on hand that they should be forwarded to the Trustee along with banking documents. The Trustee has not yet received a response from RBC. It is our understanding that there were minimal, if any, funds on hand with RBC at the date of bankruptcy.

Venue and Catering Deposits

DUS paid deposits to various venues and caterers in Canada and the United States in anticipation of hosting its events. The Trustee has written to each venue and caterer to request that these deposits be refunded. The Trustee has not yet received substantive responses from any of these establishments.

Furniture, Décor and Domes

The Company owns various new and used furniture, décor and domes used at its events. The furniture, décor and domes are located in Calgary, AB, Minneapolis, MN and Denver, CO. The Trustee has possession of the items in Calgary and has contacted the venues in Minneapolis and Denver to coordinate and conduct an inventory of these assets.

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, 1,534 Claim Confirmation Forms and/or proofs of claim have been filed with the Trustee and represents approximately \$892,800 in total creditor claims.

As at the date of this report, there have been no significant differences between the claims listed on the Amended Statement of Affairs and the claims filed to date with the Trustee.

SECURED CREDITORS

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. We understand that the Company did not have any employees and the Trustee has confirmed with CRA that DUS did not maintain an account for the purpose of remitting withholdings to CRA, as such we do not anticipate that there is a debt owing to CRA in relation to payroll withholdings.

Any debt owing to CRA for unremitted Goods and Service Tax at the date of bankruptcy will rank as a general, unsecured claim.

Other Secured Creditors

Searches conducted of the various public registries in Manitoba, Alberta, British Columbia, Quebec, Colorado and Minnesota did not report any financing statements which would indicate that certain creditors hold security over the assets of DUS. From discussions with the Company’s Director, and our search of the various public registries, we do not believe there are claims of any secured creditors that would rank ahead of the general body of unsecured creditors discussed below.

UNSECURED CREDITORS

Given the large number of unsecured creditors involved in this bankruptcy proceeding, the Trustee made an application to Court immediately after the date of bankruptcy for approval to hold multiple first meetings of creditors, if necessary, and for approval to administer an alternative claims process. The alternative claims process is similar to a reverse claims process, in that the particulars of claims are reported to creditors who either confirm or dispute the amount of their respective claim, all of which is administered electronically. The Trustee is of the view that such a process will minimize the administration costs that would have been incurred in administering the claims process set out in the BIA. As the costs of administration rank as a priority claim, steps taken in an effort to minimize these costs will maximize the recovery to the general body of creditors.

The Amended Statement of Affairs reports total claims of unsecured creditors of approximately \$1.7 million. Ultimately the amounts owing to unsecured creditors will be based on Claim Confirmation Forms or proofs of claim filed and admitted by the Trustee.

SALE OF ASSETS

The Trustee, with the approval of Inspectors appointed, will take steps to realize upon the Company's furniture and other assets.

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's directors.

Legal Proceedings

The Trustee has not commenced any legal proceedings at the date of this report over and above the initial application to Court with respect to the administration of the first meeting of creditors and the claims process.

Conservatory and Protective Measures

The Company did not have a physical head office location as its business platform was solely online and events were hosted in multiple cities across Canada and the United States, as such the Trustee was not required to take traditional conservatory measures (ie. taking possession of and changing locks at a physical head office location). The Trustee has contacted the various venues to advise of the Company's bankruptcy and coordinate an inventory of these assets as these asset vest in the Trustee for the benefit of creditors.

Preferences, and Transactions at Under Value

The Trustee will review 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

The Company's Directors have indemnified the Trustee for costs of administering the bankruptcy, should the assets of the bankrupt estate be insufficient.

ESTIMATED REALIZATION

The total realization will depend on recovery of various venue and catering deposits paid by DUS prior to the date of bankruptcy, as well as proceeds from the sale of furniture, décor and domes currently situated at various locations. It is unknown at this time what funds may be realized by the Trustee from these assets.

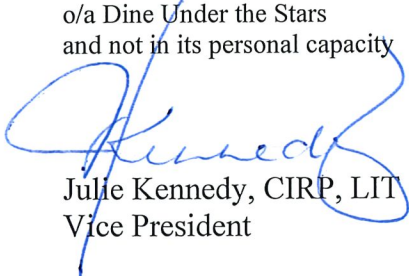
As previously reported, DUS paid approximately \$330,750 to the Trustee prior to the Company's bankruptcy. To date the Trustee and its legal counsel have incurred costs and professional fees of approximately \$67,000. Based on the claims reported on the Amended Statement of Affairs, and anticipated additional costs of administration, we estimate that the creditors may recover in the range of 12 to 14 cents on the dollar assuming no additional recovery from venue deposits and the sale of assets. 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 1st day of December, 2020.

MNP Ltd.

In its capacity as Licensed Insolvency Trustee
of the Bankrupt Estate of 10021062 Manitoba Corp.
o/a Dine Under the Stars
and not in its personal capacity



Julie Kennedy, CIRP, LIT
Vice President