

IN THE MATTER OF THE BANKRUPTCY OF
THE SAMPLER APP INC.
OF THE CITY OF OAKVILLE, IN THE PROVINCE OF ONTARIO

Trustee’s Preliminary Report to Creditors

Background:

1. The Sampler App Inc. (“Sampler”) commenced operating in 2013 providing a digital product sampling technology and services for brands and retailers.
2. Sampler, from the outset was a venture capital backed company, which grew rapidly until mid-2023 when it faced two significant setbacks. The first problem was the inability to raise additional working capital and the second was a significant increase in shipping costs.
3. As a result of these issues, Sampler attempted to restructure its business while retaining a third party to initiate a sales process.
4. Despite ongoing efforts, Sampler’s financial situation did not improve in 2024 and coupled with an unsuccessful sales process, a decision was made to cease operating. On June 27, 2024 Sampler filed an Assignment in Bankruptcy naming Rosen Goldberg Inc. as the Licensed Insolvency Trustee (the “Trustee”).

Section A: Assets

According to the sworn Statement of Affairs, the assets of Sampler consist of:

	Estimated to Realize
Bank account	\$155,274
Scientific Research & Experimental Development Tax Credit (“SHRED”) claim	\$117,582
Computer equipment	\$ 40,000
Office furniture	\$ 500
Intellectual property	Undetermined
Shares in subsidiaries	\$ nil

The assets of Sampler are subject to the following secured claims:

- i) The Bank of Nova Scotia, a creditor in the amount of \$2,500,000, holds a general security agreement and has a first charge on the assets excluding certain computer equipment.
- ii) The Business Development Bank of Canada (“BDC”), a creditor in the amount of \$2,000,000 holds a general security agreement. The claim of the BDC was subordinated to the claim of the Bank of Nova Scotia
- iii) Eastern Ontario Community Futures Development Corporation, a creditor in the amount of \$208,000 holds a general security agreement.
- iv) Vault Credit Corporation, a creditor in the amount of approximately \$60,000, has security on specific computer equipment.

Following the Assignment in Bankruptcy, the Bank of Nova Scotia seized the funds in the bank account by way of set-off.

The SHRED claim was filed prior to Sampler filing the Assignment in Bankruptcy. The actual refund may be subject to a CRA audit.

Section B: Conservatory and Protective Measures

As of the date of this report, the Trustee has taken the following conservatory or protective measures.

- i) With the consent of the Bank of Nova Scotia, the Trustee has requested bids from interested parties, identified by Sampler, to purchase the Trustee’s interest, if any, in the Intellectual Property.
- ii) Set up a Sampler account under the Wage Earner Protection Program Act (“WEPP”) and notified former employees of their potential claims under the Act.

Section C: Legal Proceedings

The Trustee has retained Chaitons LLP as independent counsel to:

- i) Provide an opinion regarding the validity of the security in favour of the Bank of Nova Scotia;

- ii) Assist in the sales process; and
- iii) Assist in other matters as they may arise.

Section D: Provable claims

The claims against this estate appear to be as follows:

	Per Statement of Affairs	Filed to date
Secured	\$ 313,359	\$1,795,561
Unsecured	\$12,574,440	\$4,794,662

The variances between the unsecured amounts reflected on the Statement of Affairs and those filed to date are a result of:

- (i) Creditors who have not yet filed claims; and
- (ii) Differences between the estimated liabilities and those filed to date.

The amount reflected for the secured creditors corresponds to the estimated value of the assets that are subject to the security. To the extent that there is no security, the amounts have been reflected as unsecured in the Statement of Affairs. This amount totals \$4,505,400.

Included in the claims filed to date are claims submitted by former employees of Sampler. These claims will be substantially paid under the WEPP.

Section E Secured Creditors

Following is a summary of the secured creditors in this estate

- i) The Bank of Nova Scotia, a creditor in the amount of \$2,500,000
- ii) The Business Development Bank of Canada, a creditor in the amount of \$2,000,000
- iii) Eastern Ontario Community Futures Development Corporation, a creditor in the amount of \$208,000
- iv) Vault Credit Corporation, a creditor in the amount of \$60,000.00

Section F Anticipated realization and projected distribution

Based on the information currently available to the Trustee, there will not be any funds available for distribution to unsecured creditors. The Trustee does not anticipate this will change.

The Trustee received a retainer in the amount of \$33,900 to cover its fees and those of its legal counsel.

Section G&H Reviewable Transactions, Preference Payments and Other Matters

The Trustee has nothing further to report at this time.

Dated at Toronto, Ontario, this 22nd day of July 2024.

**ROSEN GOLDBERG INC.
LICENSED INSOLVENCY TRUSTEE**