

**Division of:** Ontario  
**Division No.:** Toronto  
**Estate Number:** 31-2642560  
**Court Number:** 31-2642560

**IN THE MATTER OF THE BANKRUPTCY OF  
FAN INTEGRATED EXPERIENCES LTD.  
OF THE CITY OF TORONTO,  
IN THE PROVINCE OF ONTARIO**

**REPORT OF THE TRUSTEE'S PRELIMINARY ADMINISTRATION  
OF THE ESTATE OF FAN INTEGRATED EXPERIENCES LTD.**

**Company Background**

1. Fan Integrated Experiences Ltd. ("FIE" or the "Company") is a technology company that created an IOS and Android APP ("FIE APP"). The FIE APP is a loyalty program to reward music fans, promote artists and labels, connect brands to fans and help artists/labels get to know their fans.
2. By May 1, 2020, the date of bankruptcy, the Company ceased operations suspending the FIE APP and terminating its employees.

**Insolvency Proceeding**

3. According to Mr. Jerry Deifer, FIE's financial difficulties were caused by various challenges encountered by the Company including:
  - a. FIE spent a significant amount of its start up capital on user acquisition as its plan was to quickly grow its user base and then pivot to more revenue generating features. Early userbase growth, while positive, also translated into higher than expected costs (e.g. loyalty point redemptions);
  - b. lower than expected revenue from ads and in-app purchases drained the Company's start up capital quicker than anticipated;
  - c. high monthly service fees which FIE was under contract to pay to a vendor which ultimately proved to be too expensive for the Company; and
  - d. while the Company had successful discussions with potential financiers in an effort to secure the further financing it required to continue its operations, the effects of COVID-19 resulted in all interested parties focusing on the preservation of capital and withdrew their financing offers rendering the Company unable to continue to operate.
4. On May 1, 2020, the Company filed an assignment in Bankruptcy and Dodick Landau Inc. was appointed as Trustee in Bankruptcy of the estate (the "Trustee").

5. Following its appointment, the Trustee distributed a Notice of Bankruptcy, a copy of the Statement of Affairs and a Proof of Claim form with instructions to all known creditors and shareholders, as well as placed a Notice of Bankruptcy ad in the Toronto Sun.

#### **Assets**

6. As the majority of the assets of the Company are intangible, it is not possible to adequately appraise the net realizable value of the Company's assets. The Statement of Affairs included inventory and other ancillary assets valued at approximately \$2,000.

#### **Books and Records**

7. The Trustee has received the books and records and is still in the process of reviewing them.

#### **Conservatory and Protective Measures**

8. The Trustee has taken the following conservatory measures since its appointment:
  - i. redirected all Company mail to the Trustee's office; and
  - ii. obtained administrative control of the FIE APP, related technology and social media handles.

#### **Provable Claims**

9. At the date of this report, the Trustee has received two proof of claims totalling approximately \$71,884.08.
10. The Statement of Affairs lists 28 unsecured creditors with potential provable claims totalling approximately \$310,000.

#### **Secured Creditors**

11. The Trustee is not aware of any secured creditors.

#### **Anticipated Realizations and Projected Distribution**

12. The Trustee intends to commence a sales process to sell the assets of the Company by tender over approximately 45-days beginning after the first meeting of creditors. Due to the intangible nature of the assets, and the current uncertain environment for new investment due to COVID-19, assuming a purchaser for the assets can be found, the Trustee is unable to estimate at this time what will be the net realizations from the sale of the assets and, if sold, whether there will be sufficient net realizations in the bankrupt Estate for distribution to the unsecured creditors.

**Transfers at Undervalue and Preferential Payments**

13. To date, the Trustee has not commenced a review of the Company's records in the Trustee's possession to determine if there are any potential transfers at undervalue or preferential transactions.

**Third-Party Deposit**

14. Prior to the commencement of the Bankruptcy proceeding, the Trustee obtained third-party deposits totalling \$15,000 from two shareholders as security for a portion of the costs of the Bankruptcy administration.

Dated at Toronto, Ontario, this 20<sup>th</sup> day of May, 2020.

**DODICK LANDAU INC.**  
Trustee of the Estate of  
Fan Integrated Experiences Ltd.  
and not in its personal capacity.

Per: 

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Rahn Dodick CPA, CA, CIRP, LIT  
President