

Division of: Ontario
Division No.: 09 - Toronto
Estate Number: 31-3045411
Court Number: 31-3045411

**IN THE MATTER OF THE BANKRUPTCY OF
BLUESHOE INCENTIVES INC.
OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO**

REPORT OF THE TRUSTEE'S PRELIMINARY ADMINISTRATION

Background

1. Blueshoe Incentives Inc. ("**Blueshoe**") was a privately owned sales and marketing company focused on the motivation and incentive business specializing in employee retention programs.
2. On February 20, 2024 the date of the bankruptcy ("**Date of Bankruptcy**"), Blueshoe had ceased operations and assigned itself into bankruptcy and Dodick Landau Inc. was appointed as Trustee in Bankruptcy of the estate of Blueshoe (the "**Trustee**").

Introduction

3. Blueshoe was in the business of providing loyalty points programs including the AirMiles, and Aeroplan points programs. Blueshoe also represented a number of consumer brands including Panasonic consumer electronics, Whirlpool kitchen appliances, Samsonite luggage, and Bulova watches.
4. Blueshoe would develop program platforms for commercial accounts that would issue points for loyalty programs. Blueshoe's main consumer product brand was Panasonic. During the life of this program, Panasonic experienced a complete deterioration of its product offering, with only microwave ovens and a few personal care products remaining. This contraction of Panasonic's product offering contributed to the decline in Blueshoe's overall sales.
5. The demise of Blueshoe's business is also largely attributable to a change in business trends. With the digitization of apps and with the change in consumer buying habits, Blueshoe's clients suffered from the changing consumer purchasing habits. Blueshoe's major clients, AirMiles and Aeroplan, experienced their clients eliminating their platforms for their own platforms that were developed in-house.
6. Many of AirMiles' clients, such as Sobeys and the LCBO canceled their programs which resulted in a drastic drop in Blueshoe's sales and revenue.

7. The onset of COVID led to a further and final decline in sales for Blueshoe. Blueshoe could not operate efficiently and its losses were growing resulting in Management assigning the Company into bankruptcy on the Date of Bankruptcy.

Insolvency Proceeding

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

Assets

9. As summarized in the Statement of Affairs there were no remaining assets as of the Date of Bankruptcy.

Books and Records

10. The Trustee has received the books and records but has not yet had an opportunity to review all of them.

Provable Claims

11. At the date of this report, the Trustee has received one proof of claim for \$88,087.88.
12. The Statement of Affairs lists 6 unsecured creditors with potential provable claims totalling \$84,798.87.

Anticipated Realizations and Projected Distribution

13. As there were no remaining assets, there are no expected distributions.

Transfers at Undervalue and Preferential Payments

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

Third-Party Deposit

15. Prior to the commencement of the Bankruptcy proceeding, the Trustee obtained a retainer deposit totalling \$15,000 as security for a portion of the costs of the Bankruptcy administration.

Dated at Toronto, Ontario, this 12th day of March 2024.

DODICK LANDAU INC.

Acting solely as Trustee in Bankruptcy
of the Estate of Blueshoe Incentives Inc.
and not in its personal or corporate capacity.

Per:



Rahn Dodick CPA, CA, CIRP, LIT
President