

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C.
1985, c. B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF VERSACCOUNTS LIMITED, OF THE CITY OF
OTTAWA, IN THE PROVINCE OF ONTARIO**

**FIRST REPORT OF A. FARBER & PARTNERS INC., IN ITS CAPACITY
AS TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF VERSACCOUNTS LIMITED**

January 25, 2019

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Sara-Ann Van Allen (LSO # 56016C)
Tel: (416) 863-4402
Fax: (416) 863-4592
sara.vanallen@dentons.com

*Lawyers for A. Farber & Partners Inc., in its
capacity as Proposal Trustee of VersAccounts
Limited*

TO: SERVICE LIST

**NOI PROCEEDINGS OF VERSACCOUNTS LIMITED
SERVICE LIST**

TO: **DLA PIPER (CANADA) LLP**
100 King Street West, Suite 6000
1 First Canadian Place
Toronto, ON M5X 1E2

Edmond F.B. Lamek / Danny M. Nunes
Tel: 416.365.3444 / 416.365.3421
Email: edmond.lamek@dlapiper.com/danny.nunes@dlapiper.com

Lawyers for VersAccounts Limited

AND TO: **A. FARBER & PARTNERS INC.**
150 York Street, Suite 1500
Toronto, ON M5H 3S5

Attention: Hylton Levy / Robyn White / Noah Litwack
Tel: 416.496.3070 / 647.796.6030 / 416.496.3719
Email: hlevy@farbergroup.com / rwhite@farbergroup.com /
nlitwack@farbergroup.com

Proposal Trustee

AND TO: **DENTONS CANADA LLP**
77 King Street West, Suite 400
Toronto, ON M5K 0A1

Sara Van Allen
Tel: 416.863.4402
Email: sara.vanallen@dentons.com

Lawyers for A. Farber & Partners Inc., in its capacity as Proposal Trustee

AND TO: **OSLER, HOSKIN & HARCOURT LLP**
100 King Street West, Suite 6200
1 First Canadian Place
Toronto ON M5X 1B8

Michael Shakra
Tel: 461.862.6643
Email: mshakra@osler.com

Lawyers for Seattle Atlantic, Inc.

AND TO: MINISTRY OF FINANCE
77 Bay Street, 11th Floor
Toronto, ON M5G 2C8

Kevin O'Hara
Tel: 416.327.8463
Email: Kevin.Ohara@ontario.ca

AND TO: CANADA REVENUE AGENCY
c/o Department of Justice Canada
Ontario Regional Office – Tax Law Section
130 King Street West, Suite 3400

Diane Winters
Tel: 416.973.3172
Email: diane.winters@justice.gc.ca

AND TO: Sunil Pande
Email: sunil.pande@versaccounts.com

AND TO: Kevin Riegelsberger
200 W. Highland Drive, Unit 201
Seattle, WA 98119
Email: kevin.riegelsberger@yahoo.com

AND TO: Matthew Dougherty
31 Deerfield Drive
Malvern, PA 19355
Email: matthew_dougherty@comcast.com

AND TO: Michael Riegelsberger
22840 Willard Avenue
Lake Forest, CA 92630
Email: mriegs@yahoo.com

AND TO: Raymond Bigley
4737 153 Avenue SE
Bellevue, WA 98006
Email: rbigley91@gmail.com

AND TO: Balthasar Wyss
8531 SE 80th Street
Mercer Island, WA 98040
Email: balthasarwyss@gmail.com

AND TO: Webb Stevens
116 E Edgar Street
Seattle, WA 98102
Email: webbstevens@gmail.com

AND TO: Rohit Thukral
1030 NW 12th Avenue, A530
Portland, OR 97209
Email: thuky@thuky.com

AND TO: Timothy Duffy
P.O.Box 10096
Bainbridge Island, WA 98110
Email: tduffy@winslowbi.com

AND TO: Tommy Pacholke
47242 SE 137th Street
North Bend, WA 98045
Email: tpacholke@gmail.com

AND TO: Pascal Van Dooren
815 1st Avenue, #212
Seattle, WA 98104
Email: pascalvandooren@hotmail.com

AND TO: Ryan Buma
18015 15th Avenue NW
Shoreline, WA 98177
Email: ryan.buma@comcast.net

AND TO: Mitchell Stewart
20 Willing Way
Malvern, PA 19355
Email: mitchellstewart@gmail.com

AND TO: The Jon Staenberg Trust
2121 Terry Avenue, A1403
Seattle, WA 98121
Email: jon@staenberg.com

AND TO: Michael Espenshade
Pensco Trust Company LLC
P.O. Box 173859
Denver, CO 80217
Email: assetmaintenance@pensco.com

AND TO: Stephen Ferrante
610 Industry Drive
Seattle, WA 98188
Email: sferrante@emsposinc.com

AND TO: Joseph Davy
2820 W Lynn Street
Seattle, WA 98199
Email: jp@davy.io

AND TO: Nariman Ghandhi
13 Eastern Road
London, UK N29LD
Email: narighandhi@gmail.com

**NOI PROCEEDINGS OF VERSACCOUNTS LIMITED
SERVICE LIST – EMAIL ADDRESSES**

edmond.lamek@dlapiper.com; danny.nunes@dlapiper.com; hlevy@farbergroup.com;
rwhite@farbergroup.com; nlitwack@farbergroup.com; sara.vanallen@dentons.com
mshakra@osler.com; Kevin.Ohara@ontario.ca; diane.winters@justice.gc.ca
sunil.pande@versaccounts.com; kevin.riegelsberger@yahoo.com;
matthew_dougherty@cable.comcast.com; mriegs@yahoo.com; rbigley91@gmail.com;
balthasarwyss@gmail.com; webbstevens@gmail.com; thuky@thuky.com;
tduffy@winslowbi.com; tpacholke@gmail.com; pascalvandooren@hotmail.com;
ryan.buma@comcast.net; mitchellstewart@gmail.com; jon@staenberg.com;
assetmaintenance@pensco.com; sferrante@emsposinc.com; jp@davy.io;
narighandhi@gmail.com;

TABLE OF CONTENTS

	Page
INTRODUCTION	1
PURPOSE OF THIS REPORT	2
DISCLAIMER	3
BACKGROUND	4
ASSETS AND CREDITORS	5
STALKING HORSE SALE PROCESS	6
ACCESS TO COMPANY RECORDS AND SOFTWARE	11
DEPOSIT CHARGE AND BREAK FEE CHARGE	12
ADMINISTRATION CHARGE	13
EXTENSION OF THE TIME TO MAKE A PROPOSAL	14
RECOMMENDATIONS	14

LIST OF APPENDICES

- “A”** NOI Certificate of Filing, dated January 22, 2019
- “B”** PPSA Search Results, dated January 25, 2019
- “C”** Notice of Intention to Make a Proposal and Creditors List
- “D”** Sale Process
- “E”** Cash Flow Projections for the period of January 22, 2019 to April 16, 2019
- “F”** Email correspondence between the Proposal Trustee, Joseph Munk and James Welch
- “G”** Information Request to Sunil Pande from the Proposal Trustee, dated January 24, 2019

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C.
1985, c. B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF VERSACCOUNTS LIMITED, OF THE CITY OF
OTTAWA, IN THE PROVINCE OF ONTARIO**

**FIRST REPORT OF A. FARBER & PARTNERS INC., IN ITS CAPACITY
AS TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF VERSACCOUNTS LIMITED**

January 25, 2019

INTRODUCTION

1. On January 22, 2019, VersAccounts Limited (“**VersAccounts**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) under Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3, as amended (the “**BIA**”). A. Farber & Partners Inc. (“**Farber**”) was appointed as proposal trustee (the “**Proposal Trustee**”) in the Company’s NOI proceedings.
2. The Affidavit of James Welch, sworn January 24, 2019 (the “**Welch Affidavit**”), describes, *inter alia*, the Company’s history and the reasons for the commencement of these proceedings.
3. The primary purpose of the NOI proceedings is to create a stabilized environment to allow the Company to enter into a transaction in respect of the Company’s assets and, in conjunction with the Proposal Trustee, run a “stalking horse” sale process (the “**Sale Process**”) to solicit bids for the Company’s assets.

PURPOSE OF THIS REPORT

4. The purposes of this first report of the Proposal Trustee (the “**First Report**”) are to:
- (a) provide background information about the Company;
 - (b) summarize the Stalking Horse APA (defined below) and the Sale Process;
 - (c) report on the Company’s cash flow projection for the period commencing January 22, 2019 and ending April 16, 2019 (the “**Cash Flow**”);
 - (d) recommend the Court make an order, *inter alia*:
 - (i) extending the time within which to file a proposal with the Official Receiver by the Company under section 62(1) of the BIA to April 8, 2019;
 - (ii) approving the Sale Process, including the bid procedures contained therein (the “**Bid Procedures**”);
 - (iii) approving the stalking horse asset purchase agreement (the “**Stalking Horse APA**”), between the Company and Seattle Atlantic, Inc. (“**SAI**”), pursuant to which SAI has agreed to purchase all of the Company’s right, title and interest in and to the Purchased Assets (as defined in the Stalking Horse APA), as a “stalking horse” bid in the Sale Process, provided that any successful bid under the Sale Process, including the Stalking Horse APA, will be subject to the Court’s final approval;
 - (iv) authorizing the Company’s use of the US\$50,000 deposit (the “**Deposit**”) payable under the Stalking Horse APA for liquidity purposes and in accordance with the terms of the Stalking Horse APA;

- (v) granting a charge in the amount of US\$50,000 in favour of SAI, over all of the Company's Property (as defined in the draft Order attached to the Company's Motion Record), to secure payment of the Deposit payable under and as contemplated in the Stalking Horse APA (the "**Deposit Charge**");
- (vi) granting a charge in the amount of US\$50,000 in favour of SAI, over all of the Company's Property, to secure payment of the break fee and expense reimbursement contemplated in the Stalking Horse APA (the "**Break Fee Charge**");
- (vii) granting a charge in the amount of CDN\$125,000 in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company, over all of the Company's Property (the "**Administration Charge**"); and
- (viii) granting such additional powers to the Proposal Trustee as may be necessary for the Proposal Trustee to take control of the Company's assets for the purposes of marketing them as part of the Sale Process.

DISCLAIMER

5. Farber has relied upon the financial records and information provided by VersAccounts, as well as other information supplied by management, and advisors, and Farber has not independently reviewed or verified such information. Farber assumes no responsibility or liability for any loss or damage incurred by or caused to any person or entity as a result of the circulation, publication, re-production or use of or reliance upon this First Report.

Any use which any person or entity, other than the Court, makes of this First Report, or any reliance on or a decision made based upon this First Report is at such person's or entity's own risk.

BACKGROUND

6. VersAccounts was incorporated on April 4, 2008 pursuant to the *Canada Business Corporations Act*.
7. VersAccounts is a service provider for cloud-based enterprise resource planning, operating from a virtual office and with a registered office located in Ottawa, Ontario.
8. As at the date of this First Report, VersAccounts does not employ any staff. All work is done by subcontractors and overseen by James Welch, one of the four directors, a company founder and its former chief technology officer.
9. VersAccounts has a history of financial difficulties as it has consistently failed to meet sales projections and, as a result, generates insufficient sales revenue to cover its operating expenses. In addition, it has recently been unable to maintain its existing customer base further exacerbating its financial troubles. Given its poor financial performance, VersAccounts is unable to obtain the funding necessary to meet its working capital needs. The salaries of certain former staff have been accrued, with the consent of such staff, rather than paid to assist VersAccounts in managing its liquidity problems. The approximate amount owed to former employees, as of December 12, 2018, is US\$78,560.
10. As described in the Welch Affidavit, in the spring of 2017, VersAccounts secured approximately US\$600,000 of financing through the issuance of unsecured subordinated convertible promissory notes (the "Notes"). The funds received were used to fund VersAccounts ongoing operating expenses, including marketing and product development.

11. The terms of the Notes provide that the principal and all accrued and unpaid interest (approximately US\$940,330) are due and payable on January 31, 2019, unless converted into VersAccounts equity securities. As reported in the Welch Affidavit, no Noteholder has converted its Note to equity and VersAccounts has insufficient cash flow to repay the Notes.
12. VersAccounts, in conjunction with its advisors, determined that a formal restructuring proceeding is necessary because VersAccounts is unable to meet its obligations as they generally fall due. The purpose of the NOI is to provide VersAccounts with temporary relief from its creditors while marketing its assets for sale through a Court sanctioned and supervised sale process.
13. On January 22, 2019, VersAccounts filed the NOI and named Farber as Proposal Trustee. The Certificate of Filing from the Superintendent of Bankruptcy is attached hereto as **Appendix "A"**.

ASSETS AND CREDITORS

14. Based on the Proposal Trustee's review of certain of the Company's books and records, as at January 22, 2019, the Company's primary assets are:
 - (a) accounts receivable, with a book value of CDN \$42,518; and
 - (b) intellectual property, with an indeterminate value.
15. A search conducted pursuant to the *Personal Property Security Act* (Ontario) (the "**PPSA**") against the Company shows there are no registrations. A copy of the PPSA search results, dated January 25, 2019, is attached hereto as **Appendix "B"**.
16. As at January 22, 2019, VersAccounts' creditor listing included in its NOI filing lists unsecured creditors of VersAccounts with claims totalling \$1,244,292.45. A copy of the NOI, which includes VersAccounts' list of creditors with claims of more than \$250, is attached hereto as **Appendix "C"**.

STALKING HORSE SALE PROCESS

17. The restructuring of VersAccounts under the NOI proceedings involves a sale of the Purchased Assets, subject to Court approval. The proposed Sale Process aims to preserve the ongoing business of VersAccounts and obtain the best possible price for the Company's assets. It is anticipated that the Sale Process, which is to run over a one month period, will provide sufficient time to expose the Company's assets to the market and maximize value.

Stalking Horse APA

18. VersAccounts is seeking authorization and approval from the Court to enter into the Stalking Horse APA with SAI pursuant to which SAI will act as the stalking horse bidder in the Sale Process. The Stalking Horse APA sets a floor purchase price for the Purchased Assets and encourages interested parties to submit their best possible offer.
19. The Stalking Horse APA contemplates the purchase and sale of substantially all the assets of VersAccounts as a going concern, on an "as is, where is" basis. The Purchased Assets include all application source code, work in progress, application databases, customer contracts, trade accounts receivable, contracts, rights, intellectual property, coupled with the assumption of various liabilities. It contains standard conditions to closing and is subject to the issuance of an approval and vesting order ("AVO"), and the receipt of a better offer through the Sale Process.
20. As consideration for the Purchased Assets, the purchase price contained in the Stalking Horse APA (the "**Purchase Price**") consists of (a) cash consideration of US\$250,000, including the US\$50,000 Deposit, and (ii) the assumption of various liabilities.
21. Although not a term of the Stalking Horse APA, the Sale Process contemplates the Company seeking the AVO on or before March 15, 2019. The closing date is three (3) business days following the issuance of the AVO.

Break Fee and Deposit

22. The Stalking Horse APA provides that, in the event that a successful bid other than the bid from SAI is accepted by VersAccounts, approved by the Court and completed, VersAccounts shall pay to SAI, (a) a break fee in the amount of US\$25,000 (inclusive of HST, if any) (the “**Break Fee**”), and (b) an expense reimbursement amount not to exceed US\$25,000 (inclusive of HST) (the “**Expense Reimbursement**” and together with the Break Fee, the “**Bid Protections**”).
23. It is the Proposal Trustee’s opinion that the Bid Protections, being 20% of the cash portion of the Purchase Price and 15.4% of the minimum Qualified Bid (as defined in the Bid Procedures) which would trigger its payment (US\$325,000), represent a reasonable commercial balance between the potential adverse effect of the Bid Protections as an auction inhibitor and the potential positive effect of a stalking horse bid as an auction stimulator. Although the Bid Protections when viewed strictly as a percentage of the cash Purchase Price are higher than most break fees in stalking horse sale transactions, they must be considered in relation to:
 - (a) the relatively modest size of the transaction; and
 - (b) the value of the Assumed Liabilities (as defined in the Stalking Horse APA), which form the non-cash portion of the Purchase Price.
24. The Assumed Liabilities in the Stalking Horse APA consist predominantly of the Company’s obligations to provide services under customer contracts. Typically VersAccounts’ customers pay for the contracted services in full at the outset of the contract term, which can be up to 12 months. As a result, SAI will be taking on those obligations post-closing without any corresponding source of revenue until the next contract term renewal. Consequently, the overall consideration for the Purchased Assets pursuant to the Stalking Horse APA is materially in excess of the cash component of same.

25. In addition, the quantum of the Bid Protections are reasonably low enough that they should not discourage competing bidders from making a bid for the Company's assets. Further, the SAI costs related to preparing the Stalking Horse APA, related documents and performing due diligence are expected to exceed the quantum of the Expense Reimbursement portion of the Bid Protections.
26. The Stalking Horse APA contemplates the Break Fee charge to secure payment of the Bid Protections.
27. The Stalking Horse APA provides for the payment of the Deposit which the Company can immediately use for liquidity purposes in accordance with the cash flow projections filed by the Company. This will help to ensure that the Company can meet its ongoing liabilities over the course of the Sale Process. Without the immediately available Deposit, it is highly probable that the Company would not have sufficient liquidity to complete the Sale Process while continuing its ordinary course operations, thus likely diminishing the value of the Company's assets.
28. As described in more detail below, it is a condition of the Stalking Horse APA that the Court grant the Deposit Charge and the Break Fee Charge to secure the payment of the Deposit and the Bid Protections in the event that SAI is not the successful bidder in the Sale Process or the transaction fails to close by the Outside Date (as defined in the Stalking Horse APA), other than as a result of the failure by SAI to perform any of its obligations.

Sale Process Summary

29. The proposed Sale Process is attached hereto as **Appendix "D"** and as summarized below:

Sale Process Activity	Timeline
Distribute an interest solicitation letter (the " Teaser ") detailing the opportunity to prospective purchasers identified by the Proposal Trustee	Within 5 days of Court Approval

Sale Process Activity	Timeline
Post information regarding the opportunity, including (i) the Teaser; (ii) the Terms and Conditions of the Sale Process; and (iii) the form of offer, on Proposal Trustee's website: http://farbergroup.com/engagements/versaccounts-limited/	Within 5 days of Court Approval
Advertise the opportunity in the Globe and Mail newspaper (National Edition) and Toronto Star newspaper	Within 5 days of Court Approval
Make information regarding the Purchased Assets and VersAccounts' business available in an online "data room" to all prospective purchasers upon execution of a Confidentiality Agreement	Within 5 days of Court Approval
Final date for submission of offers (the " Bid Deadline ")	March 1, 2019

30. The Proposal Trustee is of the view that the Sale Process timeline, the four week period from January 30, 2019 to March 1, 2019, is adequate to provide interested parties with sufficient time to complete due diligence and submit competitive bids.
31. The intention is for the Sale Process, to the extent possible, to cause minimal interruption to ongoing operations.
32. Pursuant to the Sale Process, the Proposal Trustee shall determine whether any offers are Qualified Bids. A Qualified Bid shall mean an offer to purchase substantially all of the Purchased Assets which bid is substantially the same or better than the Stalking Horse APA. No offer shall qualify as a Qualified Bid unless it meets the following minimum criteria:
 - (a) the offer must be submitted in writing and include a blackline of the offer to the Stalking Horse APA, reflecting the prospective purchaser's proposed changes, and a written commitment to close on the terms and conditions set forth therein;
 - (b) the offer must be for a price equal to or greater than the sum of the Purchase Price, the Bid Protections and an incremental amount set at US\$25,000 (i.e. the next bid must be at least US\$325,000 or greater);

- (c) the offer must be open for acceptance and completion by the Proposal Trustee until 5:00 p.m. Eastern time on April 1, 2019 or later;
 - (d) the offer must be on terms no less favourable and no more burdensome or conditional than the terms of the Stalking Horse APA;
 - (e) the offer must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror's obligation to complete the transaction that are not otherwise contained in the Stalking Horse APA; and
 - (f) the offer must contain written evidence of a commitment for financing or other evidence of the ability to consummate the sale with appropriate contact information for such financing sources.
33. If the Proposal Trustee receives one or more Qualified Bids by the Bid Deadline, the Proposal Trustee shall advise all Qualified Bidders of the value of the Leading Bid (as defined in the Bid Procedures) to determine if they wish to participate in an auction and, if so, conduct an auction in accordance with the Sale Process. After selection of the "Successful Bid" the Company will bring a motion seeking the AVO.
34. If no Qualified Bid is received by the Bid Deadline (other than the Stalking Horse APA), the Auction will not be held and the Stalking Horse APA will be the Successful Bid.

Proposal Trustee Recommends Approval of Stalking Horse APA

35. In light of the Company's acute, ongoing financial difficulties, in the Proposal Trustee's opinion, the Stalking Horse APA is the best option for the Company to preserve the value of its business enterprise and continue as a going-concern.
36. The Proposal Trustee has reviewed certain of VersAccounts's financial records as well as VersAccounts's projected Cash Flow for the period of January 22, 2019 to April 16, 2019. A copy of the Cash Flow, including notes and assumptions, are attached hereto as **Appendix "E"**.

37. According to the Cash Flow, VersAccounts is expected to incur liquidity challenges. If the Stalking Horse APA is approved by the Court, the use of the Deposit, as a form of interim or DIP financing, will provide stability to VersAccounts's Cash Flow during this time period.
38. In evaluating the reasonableness of the Stalking Horse APA, the Proposal Trustee has considered:
 - (a) the total debt of VersAccounts;
 - (b) the projected realizable value of the Purchased Assets in a bankruptcy scenario;
 - (c) the marketability of the Purchased Assets if the business were to shut down;
 - (d) the uncertain nature of the value of the intellectual property and intangible assets;
 - (e) the costs and likely recoveries in a liquidation sale process given the nature of the assets;
 - (f) the Sale Process provisions, including the possibility of the Bid Protections deterring interested parties from submitting offers; and
 - (g) the minimum purchase price set by the Stalking Horse APA.
39. Based on the foregoing, the Proposal Trustee supports the Stalking Horse APA because it is of the opinion that:
 - (a) the terms of the Stalking Horse APA are fair and reasonable given the circumstances;
 - (b) the Stalking Horse APA promotes the prospect of a competitive Sale Process;
 - (c) most of the Purchased Assets are intangible and of unknown value, and as a result, it is difficult to assign a value to same;

- (d) the interim financing provided by way of the Deposit will enable the proposed Sale Process to proceed and provides comfort to the Company's customers and creditors that funding is available to cover operating expenses during the Sale Process; and
- (e) the Stalking Horse APA, and the sale of the business as a going concern, is expected to provide greater value than a forced liquidation and/or bankruptcy and, thus, a better and higher result than a forced liquidation bankruptcy sale process.

ACCESS TO COMPANY RECORDS AND SOFTWARE

- 40. The Proposal Trustee has requested certain records of VersAccounts in order to properly market the business and assets of VersAccounts and comply with its obligations under the Sale Process.
- 41. The Proposal Trustee has been advised by James Welch and the Company's contract controller, Joseph Munk, that online access to VersAccounts' records has been restricted by Sunil Pande, one of the four directors of VersAccounts and by Richard Zhou, a minority shareholder and former employee. Attached hereto as **Appendix "F"** is a copy of email correspondence between the Proposal Trustee and Joseph Munk and James Welch.
- 42. Access to these records is required for the Company's continued operations, for the purposes of customer invoicing and to market its business for sale. Furthermore, if the Stalking Horse APA is the Successful Bid in the Sale Process, the Company will need access to its records to comply with its obligations under the Stalking Horse APA. The Proposal Trustee specifically requires access to software controlled by service providers, including Amazon Web Services and Google G-Suite Services, in order to retrieve customer data and file storage servers.
- 43. On January 24, 2019, the Proposal Trustee requested from Sunil Pande the information needed to gain access to the Company's online records. Attached hereto as **Appendix**

“G” is a copy of the Proposal Trustee’s email to Mr. Pande. No response has been received as of the date of this First Report.

44. Without access to the Company’s software and records, the Proposal Trustee cannot efficiently market the assets and the Company cannot sell same. Accordingly, the Proposal Trustee recommends that this Honourable Court grant it expanded powers to obtain the Company’s books and records.

DEPOSIT CHARGE AND BREAK FEE CHARGE

45. As noted above, VersAccounts anticipates that it will continue to incur operational losses over the 13 week period contemplated by VersAccounts’ projected Cash Flow. In order to provide stability to VersAccounts’ cash position, the Stalking Horse APA contemplates the US\$50,000 Deposit being made immediately available to the Company and used for its cash flow needs, pursuant to the terms outlined therein.
46. The release of the Deposit is subject to the granting of the Deposit Charge in favour of SAI to secure payment of the Deposit in the event that SAI is not the successful bidder.
47. The Proposal Trustee has reviewed the terms of the Deposit in the Stalking Horse APA and is of the view that, in light of the nature of the Purchased Assets, the operations and financial position of VersAccounts, the Deposit Charge is reasonable and appropriate in the circumstances.
48. The Proposal Trustee has also reviewed the terms of the Break Fee Charge, which secures payment of the Bid Protections, and is in the proposed total amount of US\$50,000. The Proposal Trustee is of the view that the Break Fee Charge is reasonable and appropriate.
49. Each of the Deposit Charge and the Break Fee Charge are negotiated terms of the Stalking Horse APA. Without the availability of the Deposit funds and the going-concern transaction contemplated by the Stalking Horse APA, it is highly probable that VersAccounts’ liquidity challenges will render it unable to complete a Sale Process while

continuing ordinary course operations. If ongoing business operations cease, the Proposal Trustee is of the opinion that the value of the Company's assets will be diminished.

50. It is the Proposal Trustee's opinion that the Deposit Charge and the Break Fee Charge are necessary for VersAccounts to carry out the Sale Process with a view to making a viable proposal to its unsecured creditors.
51. The Deposit Charge and Break Fee Charge are to rank *pari passu*, and in priority to the Administration Charge.

ADMINISTRATION CHARGE

52. The Debtors are seeking an Administration Charge in the amount of CDN\$125,000, which will have priority over all claims against VersAccounts, but rank subordinate to the Deposit Charge and the Break Fee Charge. The beneficiaries of the Administration Charge are the Proposal Trustee, the Proposal Trustee's legal counsel, Dentons Canada LLP, and VersAccounts' legal counsel, DLA Piper (Canada) LLP.
53. The Administration Charge was calculated with the assistance of the Proposal Trustee and is based on the estimated fees of the Proposal Trustee and counsel for a proceeding of this nature and size. The Proposal Trustee is of the view that the amount of the Administration Charge is reasonable given the Company's liquidity constraints during these proceedings and recommends its approval by this Honourable Court.

EXTENSION OF THE TIME TO MAKE A PROPOSAL

54. The initial 30-day stay period granted upon the filing of the NOI expires on February 21, 2019. The Proposal Trustee supports the Company's request for a 45 day extension of the time to file a proposal to April 8, 2019 (the "**Extension Period**")
55. As detailed above, subject to the approval of the Court, the Proposal Trustee will commence the Sale Process and market VersAccounts' business and assets. The proposed Sale Process contemplates a Bid Deadline of March 1, 2019, and the issuance of

the AVO on or before March 15, 2019. If the extension sought is granted, this will allow VersAccounts the time required to carry out the Sale Process and close a transaction for the sale of its assets.

56. The Cash Flow includes weekly cash flow projections of VersAccounts from January 22, 2019 to April 16, 2019. This includes the initial 30-day stay period and the Extension Period. The Cash Flow is based on the assumption that the Deposit and the release of same to the Company is approved by this Honourable Court. The Cash Flow indicates that the Company is expected to have sufficient cash to fund the continued NOI Proceedings, including the Sale Process, during the Extension Period.
57. In the event that an extension is not granted and VersAccounts is deemed bankrupt, VersAccounts will not be able to complete its restructuring and formulate a proposal to the detriment of all of its stakeholders.
58. The Proposal Trustee is satisfied that VersAccounts has acted and is acting in good faith and with due diligence in these proceedings to date. The Proposal Trustee is not aware of any creditor that would be materially prejudiced if the extension is granted.

RECOMMENDATIONS

59. The Proposal Trustee recommends that this Honourable Court grant the relief sought by the Company in its Notice of Motion, dated January 24, 2018.

All of which is respectfully submitted this 25th day of January, 2019.

A. FARBER & PARTNERS INC., solely in its capacity as the Proposal Trustee of VersAccounts Limited, and not in its personal or corporate capacity

Per: 

Name: Noah Litwack

Title: Manager

Appendix “A”
to the First Report of the
Proposal Trustee



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 12 - Ottawa
Court No. 33-2466100
Estate No. 33-2466100

In the Matter of the Notice of Intention to make a
proposal of:

VersAccounts Limited
Insolvent Person

A. FARBER & PARTNERS INC.
Licensed Insolvency Trustee

Date of the Notice of Intention: January 22, 2019

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 23, 2019, 10:26

E-File/Dépôt Electronique

Official Receiver

Place Bell Canada, 160 Elgin Street, 11th Floor, Suite B-100, Ottawa, Ontario, Canada, K2P2P7, (877)376-9902

Canada

Appendix “B”
to the First Report of the
Proposal Trustee

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Versaccounts Limited

FILE CURRENCY: January 24, 2019

ENQUIRY CONTAINS 0 PAGES, 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

Appendix “C”
to the First Report of the
Proposal Trustee

**IN THE MATTER OF THE PROPOSAL OF
VERSACCOUNTS LIMITED
OF THE CITY OF OTTAWA, IN THE PROVINCE OF ONTARIO**

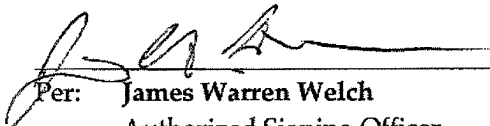
NOTICE OF INTENTION TO MAKE A PROPOSAL

TAKE NOTICE THAT:

1. The undersigned VersAccounts Limited, an insolvent person, pursuant to Subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, intends to make a Proposal to its creditors.
2. A Farber & Partners Inc., of 150 York Street, Suite 1600, Toronto, Ontario, a licensed Trustee, has consented to act as Trustee under the Proposal and a copy of the Consent is attached hereto.
3. A list of the names of the known creditors with claims amounting to \$250 or more and the amounts of their claims is attached.
4. Pursuant to Section 69 of the *Bankruptcy and Insolvency Act*, all proceedings against the company are stayed as of the date of filing this Notice with the Official Receiver in my locality.

DATED AT TORONTO this 22nd day of January, 2019.

VERSACCOUNTS LIMITED


Per: James Warren Welch
Authorized Signing Officer

District of:
Division No.
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
VersAccounts Limited
of the City of Ottawa, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
A. Wordsmith	420 SW Washington St., Suite 205 Portland OR 97204 USA		11,700.00
Balthasar Wyss	8531 SE 80th St. Mercer Island WA 98040 USA		35,988.33
Capterra	P.O. Box 733181 Dallas TX 75373 USA		4,021.87
Daniel Sokolowski	Przyszlosci 3C/39, 67-100 Nowa, Sol Poland		9,886.50
Elton Okada	Av. Nsa. Senhora de Copacabana 31/208 Leme, Rio De Janeiro RJ 22010121 Brazil		7,811.44
Fasken Martineau	55 Metcalfe Street, Suite 1300 Ottawa ON K1P 6L5		32,005.69
Graficno Oblikovanje	Gabernik 100, Posta 2314 Zgornja Polskava Slovenia		14,000.00
Jacek Jstokait	os. Paderewskiego 5a/7, 67-100 Nowa, Sol Poland		5,323.65
James Welch	1798 ROSEBELLA AVENUE Ottawa ON K1T 1G5	Back Wages	23,679.99
Joe Munk	16 Del Prado St Lake Oswego OR 97035 USA		5,073.85
Joseph Davy	2820 W Lynn St Seattle WA 98199 USA		14,291.33
Kevin Riegelsberger	200 W. Highland Drive, Unit 201 Seattle WA 98119 USA		71,976.67
Matthew Dougherty	31 Deerfield Drive Malvern PA 19355 USA		71,976.67
Michael & Susan Riegelsberger	22840 Willard Ave. Lake Forest CA 92630 USA		35,988.33

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
VersAccounts Limited
of the City of Ottawa, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Michael Espenshade	Pensco Trust Company LLC Custodian FBO Michael Espenshade IRA, P.O. Box 173859 Denver CO 80217 USA		35,842.08
Mitchell Stewart	20 Willing Way Malvern PA 19355 USA		35,988.33
Molly Wilson	1350 Ritchey St Santa Ana CA 92705 USA		5,699.85
Muhammad Ali	House No D-8, Old Officers Colony Zarrar Shaheed Road Lahore Cantt, Lahore Pakistan		10,374.00
Nariman Ghandhi	13 Eastern Rd London, N29LD UK		68,780.83
Pascal Van Dooren, Stacey Adams	815 1st Ave. #212 Seattle WA 98104 USA		35,945.00
Perkins Coie LLP	P.O. Box 24643 Seattle WA 98124 USA		35,655.74
Peterson Sullivan LLP	601 Union Street, Suite 2300 Seattle WA 98101 USA		9,673.30
Portland State Business Accelerator	2828 SW Corbett Ave. Portland OR 97201 USA		2,737.92
Raymond Bigley	4737 153 Ave SE Bellevue WA 98006 USA		35,988.33
RBC Royal Bank Visa c/o BankruptcyHighway.com Razel Bowen	2 Robert Speck Parkway Suite 1400 Mississauga, ON LAZ 1H8 PO Box 57100 Etobicoke ON M8Y 3Y2	4516 0760 0066 0083	20,326.77
Richard (Li Feng) Zhou	7679 Newcombe St. Burnaby BC V3N 3W1	Back Wages	54,879.99
Rizwan haider	H7 Chowk Islam Nagar Wandala Road Shahdara, Lahore Pakistan		4,581.20

District of:
Division No.
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
VersAccounts Limited
of the City of Ottawa, in the Province of Ontario

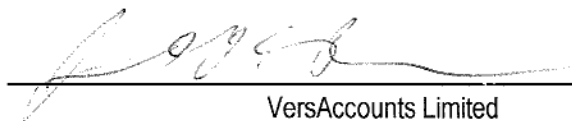
List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Rohit Thukral	1030 NW 12th Ave, A530 Portland OR 97209 USA		281,753.33
Ryan Buma	18015 15th Ave. NW Shoreline WA 98177 USA		35,955.83
Software Advice	P.O. Box 733143 Dallas TX 75373 USA		20,085.00
Speak, Inc.	205 E. Main St. Suite 3 Hillsboro OR 97123 USA		3,471.00
Stateside Technology, Inc.	1313 N Franklin Pl. #401 Milwaukee WI 53202 USA		1,397.50
Stephen Ferrante, Uyentrinh Do	610 Industry Drive Seattle WA 98188 USA		35,966.67
Tech Magnate	101 C, Second Floor and Third Floor, Kundan Niwas, Harinagar, Ashram New Delhi, State Code-07, Delhi 110014 India		585.00
The Jon Staenberg Trust	2121 Terry Ave, A1403 Seattle WA 98121 USA		35,966.67
Timothy Duffy	P.O. Box 10096 Bainbridge Island WA 98110 USA		35,988.33
Tommy Pacholke	47242 SE 137th St. North Bend WA 98045 USA		35,945.00
VersAccounts USA, Inc.	2828 SW Corbett Ave. Suite 140b. Portland OR 97201 USA		19,503.63
Vikram Joshi	C-8/8046, Vasant Kunj New Delhi 110070 India		1,488.50
Webb Stevens	116 E Edgar St. Seattle WA 98102 USA		35,988.33
Total			1,244,292.45

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
VersAccounts Limited
of the City of Ottawa, in the Province of Ontario



VersAccounts Limited
Insolvent Person

Court No.

File No.

In the matter of the proposal of
VersAccounts Limited
of the City of Ottawa, in the Province of Ontario

Form 33
Notice of intention to make a proposal

A. FARBER & PARTNERS INC., LIT - Licensed
Insolvency Trustee

—
150 York Street, Suite 1600
Toronto ON M5H 3S5
Phone: (416) 497-0150 Fax: (416) 496-3839

Appendix “D”
to the First Report of the
Proposal Trustee

VERSACCOUNTS LTD.
TERMS AND CONDITIONS OF SALE

1. THE VENDOR

1.1 VersAccounts Ltd. (the “**Vendor**”) has filed a notice of intention to make a proposal under the provisions of the *Bankruptcy and Insolvency Act* (Canada) (the “**NOI**”) and A. Farber & Partners Inc. has been appointed as proposal trustee of the Vendor under the NOI (the “**Trustee**”).

1.2 The Vendor is offering for sale by bid and auction all of the assets, undertakings and properties (collectively, the “**Assets**”). A list of the Assets for sale is outlined on **Schedule “A”** attached hereto.

1.3 The Vendor shall seek to obtain an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Stalking Horse Order**”) which approves, *inter alia*, the terms, conditions of sale and a timetable for bidding and an auction with respect to the purchase and sale of the Assets (the “**Sale Process**”), as further outlined below (a copy of the Stalking Horse Order can be viewed/downloaded at the following URL: <https://farbergroup.com/engagements/versaccounts-limited/>).

2. THE SALE PROCESS

2.1 The Stalking Horse Order recognizes the initial bid from Seattle Atlantic, Inc. (hereinafter referred to as “**SAI**” or the “**Stalking Horse Bidder**”). The initial bid by SAI is contained in an Agreement of Purchase and Sale dated as of January 23, 2019, executed by the Vendor and SAI (the “**Stalking Horse APA**”) as a baseline or “stalking horse bid” (the “**Stalking Horse Bid**”), in the amount of USD \$250,000 plus any and all retail sales taxes (including any goods and services taxes) and all other transfer taxes, duties or other like charges payable upon or in connection with the subject transaction (collectively, the “**Taxes**”).

2.2 The Stalking Horse Order provides for, *inter alia*, the marketing and sale of the Assets by the Trustee and a competitive bidding and auction procedure, to be administered by the Trustee, in order to determine if a materially higher price (compared to the Stalking Horse Bid) can be obtained for the sale of the Assets.

2.3 In consideration for SAI’s expenditure of time and money in acting as the initial bidder in the Stalking Horse Bid and the preparation of the Agreement of Purchase and Sale, and in performing due diligence pursuant to the Agreement of Purchase and Sale, and subject to Court approval, the Stalking Horse Bidder shall be entitled to: (i) a break fee in the amount of USD \$25,000 (inclusive of HST, if any) (the “**Break Fee**”); (ii) repayment in full of the Deposit; and (iii) an expense reimbursement amount not to exceed USD \$25,000 (inclusive of HST) (the “**Expense Reimbursement**”, and together with the Break Fee and the Deposit, the “**Bid Protections**”), in each case payable by the Vendors to the Purchaser only in the event that a successful bid other than the Stalking Horse Bid is accepted by the Vendor, approved by the Court and completed. The payment of the foregoing amounts shall be approved in the Sale

Process Order and shall be payable to the Purchaser out of the sale proceeds derived from and upon completion of the successful bid. Each of the parties hereto acknowledges and agrees that the foregoing amounts represent a fair and reasonable estimate of the costs and damages that will be incurred by the Purchaser as a result of non-completion of this Agreement, and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Assets, business and Assumed Liabilities.

2.4 In addition, the Stalking Horse Order provides that in order to be accepted by the Trustee, any qualified bid ("**Qualified Bid(s)**") for the Assets must be on substantially the same terms and conditions as those terms and conditions contained in the Agreement of Purchase and Sale, except with respect to price (any Qualified Bid(s) that are accepted by the Vendor as qualified bid(s) to the Stalking Horse Bid are referred to herein as the "**Qualified Bid(s)**").

2.5 In order for any Qualified Bid to be accepted by the Trustee as a Qualified Bid to the Stalking Horse Bid, the Qualified Bid must meet all of the following minimum criteria:

- a) The offer must be submitted to Robyn White at rwhite@farbergroup.com, in writing and include a blackline of the offer to the Stalking Horse APA, reflecting the prospective purchaser's proposed changes, and a written commitment to close on the terms and conditions set forth therein;
- b) The offer must be accompanied by a cash deposit in the amount of not less than USD \$50,000 in the form of a wire transfer, certified cheque or such other form acceptable to the Trustee (the "**Bid Deposit**"), which shall be held in the trust account of the Trustee's solicitors (the "**Escrow Account**"). Funds shall be disbursed from the Escrow Account only as follows: (i) if the Qualified Bidder is the Successful Bidder, its Bid Deposit will be applied without interest to the purchase price payable by it under its bid on the closing thereof; and (ii) if the Qualified Bidder is not the Successful Bidder, then its Bid Deposit shall be returned without interest to it forthwith following the expiration of its offer (which in the case of the Back-Up Bidder shall be following closing of the sale to the Successful Bidder).
- c) The offer must be open for acceptance and completion by the Proposal Trustee until 5:00 p.m. Eastern Time on April 1, 2019 or later;
- d) The offer must be on terms no less favourable and no more burdensome or conditional than the terms of the Stalking Horse APA;
- e) The offer must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror's obligation to complete the transaction that are not otherwise contained in the Stalking Horse APA;
- f) The offer must contain written evidence of a commitment for financing or other evidence of the ability to consummate the sale with appropriate contact information for such financing sources; and,

- g) The offer must be equal to or greater than USD \$325,000, being the Stalking Horse Bid (USD \$250,000) plus the Break Fee (USD \$25,000), Expense Reimbursement (up to USD \$25,000) and USD \$25,000 bid increment (collectively, the “**Base Purchase Price**”).

3. QUALIFIED BIDS

3.1 Every Qualified Bid must include, unless such requirement is waived by the Trustee, the following (collectively, the “**Required Bid Terms and Materials**”):

- (i) A base Cash Purchase Price equal to or greater than USD \$325,000, being the Stalking Horse Bid (USD \$250,000) plus the Break Fee (USD \$25,000), Expense Reimbursement (up to USD \$25,000) and USD \$25,000 bid increment (collectively, the “**Base Purchase Price**”);
- (ii) A provision stating that the bidder’s offer is irrevocably open for acceptance until the Vendor’s Assets have been sold pursuant to the closing of the sale approved by the Court;
- (iii) An executed copy of a proposed purchase agreement and a redline of the bidder’s proposed purchase agreement reflecting variations from the Stalking Horse Bid (the “**Marked Agreement**”);
- (iv) A cash deposit in the amount of not less than USD \$50,000 in the form of a wire transfer, certified cheque or such other form acceptable to the Trustee (the “**Bid Deposit**”), which shall be held in the trust account of the Trustee’s solicitors (the “**Escrow Account**”). Funds shall be disbursed from the Escrow Account only as follows: (i) if the Qualified Bidder is the Successful Bidder, its Bid Deposit will be applied without interest to the purchase price payable by it under its bid on the closing thereof; and (ii) if the Qualified Bidder is not the Successful Bidder, then its Bid Deposit shall be returned without interest to it forthwith following the expiration of its offer (which in the case of the Back-Up Bidder shall be following closing of the sale to the Successful Bidder).

3.2 Any Qualified Bids received by the Trustee that are not in the correct form may be rejected immediately by the Trustee, acting in its sole and unfettered discretion.

3.3 The opening of any Qualified Bid(s) received by the Trustee will be conducted on March 1, 2019, in private and in the presence of representatives of the Trustee and its solicitors.

3.4 In consideration of the Trustee receiving any Qualified Bid and upon receipt by the Trustee of any such Qualified Bid, the Qualified bidder shall not be entitled to retract, withdraw, revoke, vary or countermand its Qualified Bid.

3.5 In the event that any Qualified Bids received by the Trustee are on substantially the same terms, conditions and/or amounts of one another, the Trustee may, subject to the approval of the Court, call upon such Qualified bidders to submit further bids.

3.6 No Qualified Bid may contain proposals to vary, amend or supplement these Terms and Conditions of Sale.

3.7 Any documentation or other materials provided to prospective bidders relating to the Assets have been prepared solely for the convenience of prospective bidders and is not warranted to be complete or accurate, and do not form part of these Terms and Conditions of Sale. Every bidder shall be deemed to have relied entirely on its own inspection and investigation of the Assets and the title thereto.

3.8 By submitting an offer to purchase the Assets, the bidder acknowledges that it has inspected the Assets and that the Assets are being sold on an *"as is, where is"* basis at the time of closing and that there is no representation, warranty or condition, expressed or implied, statutory or otherwise, as to title, encumbrances, description, fitness for any purpose, merchantability, quality, quantity, state, condition (environmental or otherwise), defect (patent or latent), existence, location, value, the validity or enforceability of any rights (including intellectual property rights, any requirement for licenses, permits, approvals, consents for ownership, occupation or use or compliance with any government laws, regulations, bylaws and orders or in respect of any other matter or thing whatsoever. The Assets are specifically offered, as they now exist with no adjustments to be allowed for changes in conditions, qualities or quantities of such parcels from the date hereof to the Closing Date (as the term is defined below) of the contemplated transaction. The bidder acknowledges that the Trustee is not required to inspect or count, or provide any inspection or counting, of the Assets or any part thereof and the bidder shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the bidder's sole responsibility to obtain, at its own expense, any consents to such transfer of the Assets and any further documents or assurances which are necessary or desirable in the circumstances.

3.9 The Trustee, at its sole and unfettered discretion, may waive or vary any or all of the terms and conditions contained hereof.

4. THE SALE AND AUCTION PROCESS AND THE SUCCESSFUL BID

4.1 If the Trustee determines to conduct an Auction pursuant to the Stalking Horse Bid Procedures, the Trustee will notify the Qualified Bidders who made a Qualified Bid that the Auction will be held at the offices of DLA Piper (Canada) LLP on date that is determined by the Trustee, provided that that is not later than seven (7) Business Days after the Bid Deadline, or such other place and time as the Trustee may advise. Capitalized terms used but not defined have the meaning given to them in the Stalking Horse Bid Procedures. The Auction shall be conducted in accordance with the following procedures:

4.2 Participation at The Auction.

Only a Qualified Bidder is eligible to participate in the Auction. The Trustee shall provide all Qualified Bidders with the amount of the Leading Bid by 5:00pm Eastern Time two (2) Business Days before the date scheduled for the Auction. Each Qualified Bidder must inform the Trustee whether it intends to participate in the Auction no later than 12:00 p.m. Eastern Time on the

Business Day prior to the Auction. Only the authorized representatives of each of the Qualified Bidders, the Trustee, the Vendor and their respective counsel and other advisors shall be permitted to attend the Auction.

4.3 Bidding at the Auction.

Bidding at the Auction shall be conducted in rounds. The Leading Bid shall constitute the "Opening Bid" for the first round and the highest Overbid (as defined below) at the end of each round shall constitute the "Opening Bid" for the following round. In each round, a Qualified Bidder may submit no more than one Overbid. Any Qualified Bidder who bids in a round (including the Qualified Bidder that submitted the Opening Bid for such round) shall be entitled to participate in the next round of bidding at the Auction.

4.4 Trustee Shall Conduct the Auction.

The Trustee and its advisors shall direct and preside over the Auction. At the start of each round of the Auction, the Trustee shall provide the terms of the Opening Bid to all participating Qualified Bidders at the Auction. The determination of which Qualified Bid constitutes the Opening Bid for each round shall take into account any factors that the Trustee reasonably deems relevant to the value of the Qualified Bid, including, among other things, the following: (i) the amount and nature of the consideration; (ii) the proposed assumption of any liabilities and the related implied impact on recoveries for creditors; (iii) the Trustee's assessment of the certainty of the Qualified Bidder to close the proposed transaction on or before the Outside Date; (iv) the likelihood, extent and impact of any potential delays in closing; (v) the net economic effect of any changes from the Opening Bid of the previous round, and (vi) such other considerations as the Trustee deems relevant in its reasonable business judgment (collectively, the "Bid Assessment Criteria"). All Bids made after the Opening Bid shall be Overbids, and shall be made and received on an open basis, and all material terms of the highest and best Overbid shall be fully disclosed to all other Qualified Bidders that are participating in the Auction. The Trustee shall maintain a record of the Opening Bid and all Overbids made and announced at the Auction.

4.5 Terms of Overbids.

An "Overbid" is any Bid made at the Auction subsequent to the Trustee's announcement of the Opening Bid. To submit an Overbid, in any round of the Auction, a Qualified Bidder must comply with the following conditions:

- (i) *Minimum Overbid Increment:* Any Overbid shall be made in minimum Cash Purchase Price increments of USD \$25,000 above the Opening Bid, or such increments as the Trustee may determine in order to facilitate the Auction (the "Minimum Overbid Increment"). The amount of the cash purchase price consideration or value of any Overbid shall not be less than the cash purchase price consideration or value of the Opening Bid, plus the Minimum Overbid Increment(s) at that time, plus any additional Minimum Overbid Increments.

- (ii) *The Bid Requirements same as for Qualified Bids:* Except as modified herein, an Overbid must comply with the Bid Requirements, provided, however, that the Bid Deadline shall not apply. Any Overbid made by a Qualified Bidder must provide that it remains irrevocable and binding on the Qualified Bidder and open for acceptance as a Back-Up Bid until the closing of the Successful Bid.
- (iii) *Announcing Overbids:* At the end of each round of bidding, the Trustee shall announce the identity of the Qualified Bidder and the material terms of the then highest and/or best Overbid, including the nature of the transaction, the assets proposed to be acquired and the obligations proposed to be assumed, the basis for calculating the total consideration offered in such Overbid based on, among other things, the Bid Assessment Criteria.
- (iv) *Consideration of Overbids:* The Trustee reserves the right to make one or more adjournments in the Auction to, among other things: (A) allow individual Qualified Bidders to consider how they wish to proceed; (B) consider and determine the current highest and/or best Overbid at any given time during the Auction; and, (C) give Qualified Bidders the opportunity to provide the Trustee with such additional evidence as it, may require, that the Qualified Bidder has obtained all required internal corporate approvals, has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount. The Trustee may have clarifying discussions with a Qualified Bidder, and the Trustee may allow a Qualified Bidder to make technical clarifying changes to its Overbid following such discussions.
- (v) *Failure to Bid:* If at the end of any round of bidding a Qualified Bidder (other than the Qualified Bidder that submitted the then highest and/or best Overbid or Opening Bid, as applicable) fails to submit an Overbid, then such Qualified Bidder shall not be entitled to continue to participate in the next round of the Auction.

4.6 Additional Procedures.

The Trustee may adopt rules for the Auction at or prior to the Auction that will better promote the goals of the Auction, including rules pertaining to the structure of the Auction, the order of bidding provided they are not inconsistent with any of the provisions of the Stalking Horse Bid Procedures and provided further that no such rules may change the requirement that all material terms of the then highest and/or best Overbid at the end of each round of bidding will be fully disclosed to all other Qualified Bidders.

4.7 Closing the Auction.

The Auction shall be closed after the Trustee has: (i) reviewed the final Overbid of each Qualified Bidder on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the proposed sale; and (ii) identified the Successful Bid and the Back-Up Bid and advised the Qualified Bidders participating in the Auction of such determination

4.8 Finalizing Documentation.

Promptly following a Bid of a Qualified Bidder being declared the Successful Bid or the Back-Up Bid, the Qualified Bidder shall execute and deliver such revised and updated definitive transaction agreements as may be required to reflect and evidence the Successful Bid or Back-Up Bid.

4.9 Closing Date.

- (i) The closing of the contemplated transaction shall take place at the office of the Company's solicitors, DLA Piper (Canada) LLP, at the latter of April 1, 2019 or the third business day following the effective date of an Order of the Court approving the acceptance and completion of the Successful Bid (the "**Closing Date**").
- (ii) The Vendor shall not be required to produce any abstract of title, title deed or documents or copies thereof or any evidence as to title pertaining to the Assets, other than those in its possession.

5. EVENT OF FORFEITURE

5.1 If the Purchaser fails to comply with the terms and conditions of the Successful Bid Agreement, or any of them, all deposits shall be forfeited to the Vendor on account of agreed liquidated damages, the Assets being conveyed to the Purchaser may be resold by the Vendor, and the Purchaser shall pay to the Vendor on demand: (i) an amount equal to the amount, if any, by which the purchase price under the Successful Bid Agreement exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with the Successful Bid Agreement.

6. GENERAL

6.1 A. Farber & Partners Inc. is acting solely in its capacity as the Trustee under the NOI, and shall have no personal or corporate liability hereunder or from any agreement contemplated hereby or as a result of any contemplated sale.

6.2 The terms and conditions contained herein shall not merge on the closing of the transaction contemplated herein but shall survive such closing and remain in full force and effect

and be binding on the Purchaser thereafter.

6.3 The terms and conditions hereunder shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

6.4 The terms and conditions contained herein shall enure to the benefit of and be binding upon the parties thereto and their permitted heirs, executors, administrators, successors or assigns, as the case may be.

6.5 Unless otherwise provided herein, any tender of documents or money hereunder may be made upon the Vendor or the Purchaser, or their respective solicitors. Money may be tendered by cheque certified by a Canadian chartered bank, Canadian trust company or by bank draft.

6.6 The obligations of the Vendor to complete any agreement contemplated herein or hereby shall be relieved if, on or before the closing of such sale, the Assets or any part thereof which are the subject of the sale have been removed from the control of the Vendor by any means or process, enjoined, or the Assets, or any part thereof, are redeemed, whereupon the only obligation of the Vendor shall be to return the applicable deposit, without interest, deduction costs or compensation.

6.7 The Purchaser shall not assign the Successful Bid Agreement without the Trustee's prior written approval, which approval may be granted or withheld in the Trustee's sole and unfettered discretion.

6.8 Time is of the essence of any agreement entered into pursuant to these Terms and Conditions of Sale, any rule of law or equity to the contrary notwithstanding.

6.9 The Vendor reserves its rights, subject to Court approval, to withdraw the Assets or any part thereof on or before the Closing Date if there is any actual or threatened litigation with respect to any of the Assets or if any Asset has been redeemed or is subject to any lien or encumbrance which the Vendor cannot remove and the Purchaser will not assume. The Vendor shall be under no obligation to compensate any third party in order to complete any applicable agreement and shall return the deposit to the Purchaser without interest, costs or compensation.

6.10 Unless the context otherwise requires, words importing the singular include the plural and vice versa.

6.11 The submission of a bid by a resident of the Province of Quebec will be deemed to constitute the declaration and acknowledgement by such resident that it has requested these Terms and Conditions of Sale, the form of bid referred to herein and all other documentation relating to its bid and the acceptance thereof to be drawn up in the English language.

6.12 La présentation d'une soumission par une personne résident au Québec constituera la déclaration et la reconnaissance expresse par la soumissionnaire qu'il a consenti que ces Termes et Conditions de Vente, la formule de soumission mentionnées en ceci et tous autres documents relatifs à la soumission et à son acceptation soient rédigés en langue anglaise.

Schedule "A" to the Terms and Conditions of Sale The Assets

The Assets include all of the Company's assets, undertakings and properties of every nature and kind whatsoever used in connection with the Company's business, and wherever situate, including without limitation, the following:

- (1) All movable property and equipment, furniture, fixtures, computer hardware and other fixed assets, if any, (excluding those that are subject to capital leases) used in connection with the business;
- (2) all Books and Records;
- (3) all inventory of the Vendor, used in the carrying on of its business;
- (4) the benefit of the contracts or other agreements listed in Appendix 1 to this Schedule B in each case, as amended, extended, assigned or otherwise modified (in this Schedule A, the "Assumed Contracts");
- (5) all Accounts Receivable;
- (6) all prepaid expenses to the extent necessary for the operation of the business form and after the Closing;
- (7) all supplies owned by the Vendor and used in connection with the business;
- (8) all Intellectual Property owned or licensed by the Vendor and used in or relating to the carrying on of the business, including Intellectual Property developed by the Vendor's employees but not otherwise present on Amazon Web Services servers including AWS deployment recipes and Published Gems;
- (9) all customer guarantees, customer notes, security agreements, financing statements under applicable personal property security legislation, customer deposits or collateral, filings or property securing customer obligations (in each case, solely to the extent related to any of the Accounts Receivables and/or Assumed Contracts);
- (10) all government licenses, approvals, permits or similar used in connection with the business; and
- (11) all goodwill associated with the business or the Purchased Assets, including the right to carry on the business in continuation of the Vendor.

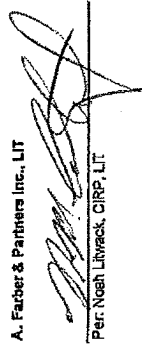
Appendix “E”
to the First Report of the
Proposal Trustee

VersAccounts Limited
Projected Cash Flow
For the 13 week period January 22, 2019 - April, 16, 2019

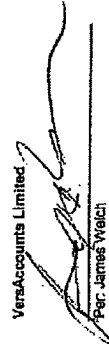
	22-Jan-19	29-Jan-19	5-Feb-19	12-Feb-19	19-Feb-19	26-Feb-19	5-Mar-19	12-Mar-19	19-Mar-19	26-Mar-19	2-Apr-19	9-Apr-19	16-Apr-19	13 Week Total
Operating cash balance	58,459	58,108	43,966	51,533	68,227	68,092	22,377	36,532	50,902	45,767	32,791	26,748	26,748	
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual Renewals	-	52	8,449	18,895	-	7,452	15,037	14,370	-	28,886	1,049	112	-	92,102
Total Cash In	-	52	8,449	18,895	-	7,452	15,037	14,370	-	28,886	1,049	112	-	92,102
Disbursements														
Rent	-	884	-	-	-	-	684	-	-	-	684	-	-	2,053
Contractors	-	7,833	-	-	-	21,580	-	-	-	21,580	-	-	-	-
COGS (Hosting Services)	-	6,045	-	-	-	5,045	-	-	-	-	5,045	-	-	18,135
General and Administrative	381	316	198	-	135	542	198	-	135	282	383	95	135	2,760
Sales and Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	-	-	-	-	5,000	20,000	-	-	5,000	20,000	-	5,000	-	55,000
Total Disbursements	381	14,194	882	-	5,135	48,167	882	-	5,135	41,862	7,092	5,095	135	128,941
Net cash Inflow (outflow)	(361)	(14,141)	7,585	16,895	(6,135)	(40,715)	14,154	14,370	(5,135)	(12,975)	(6,044)	(4,983)	(135)	(38,839)
Ending cash balance	58,108	43,966	51,533	68,227	68,092	22,377	36,532	50,902	45,767	32,791	26,748	21,765	26,613	

This Statement of Projected Cash Flow, prepared in accordance with s.s. 50(6) and/or s.s. 50.4(2) of the Bankruptcy and Insolvency Act, should be read in conjunction with the Trustee's report on the reasonableness of the cash flow statement.

A. Fisher & Partners Inc., LIT


Per: Noah Litwack, CRP, LIT

VersAccounts Limited


Per: James Welch

IN THE MATTER OF THE PROPOSAL OF
VERSACCOUNTS LIMITED
OF THE CITY OF OTTAWA, IN THE PROVINCE OF ONTARIO

NOTES AND ASSUMPTIONS UNDERLYING THE STATEMENT OF PROJECTED
CASH FLOW FOR THE PERIOD JANUARY 22, 2019 TO APRIL 16, 2019

NOTES

The purpose of the statement of projected cash flow of VersAccounts Limited (the "Company") for the period of January 22, 2019 to April 16, 2019 is to comply with the provisions of the *Bankruptcy and Insolvency Act*.

HYPOTHETICAL ASSUMPTIONS

An assumption that assumes a set of economic conditions or courses of action that are not necessarily the most probable in the insolvent person's judgment, but are consistent with the purpose of the cash flow projection.

1. The Superior Court of Justice (Commercial List) (the "Court") is expected to issue an order (the "Order") in respect of the motion being brought by the Company on January 30, 2019 (the "Motion") for relief sought that is deemed necessary for the ability of the Company making a viable proposal to creditors. The Order is expected to, *inter alia*,
 - a) approve the interim financing arrangement, as described below;
 - b) approve the sale and marketing process (the "Sale Process") for the sale of the Company's assets and business; and,
 - c) provide for an extension of the time within which a proposal must be filed with the Official Receiver to April 8, 2019.
2. A. Farber & Partners Inc., in its capacity as Proposal Trustee, will proceed to market and sell the assets and business of the Company (the "Assets") subject to the approval of the Superior Court of Justice (Commercial List) (the "Court") at the Motion hearing. The Sale Process contemplates that a sale of the Assets will be completed on or before March 15, 2017. Any proceeds of sale realized are not included in this cash flow.

3. The Company has received a commitment from Seattle Atlantic, Inc. ("SAI"), for debtor-in-possession financing (the "DIP Loan Facility") of USD \$50,000. The DIP Loan Facility is required to provide the Company with access to funds, on approval of the DIP Loan Facility by the Court, to pay critical expenses and generally cover the projected cash flow shortfall from operations. It is noted that the cash flow statement does not include a line item for cash projected to be derived from the DIP Loan Facility.

PROBABLE ASSUMPTIONS

An assumption that the insolvent person believes reflects the most probable set of economic conditions and planned courses of action; that are suitably supported, consistent with the plans of the insolvent person and provide a reasonable basis for the revised cash flow statement.

1. The Company currently has outstanding accounts receivable of \$42,518, which may not be fully recoverable and received as we are unable to confirm whether certain milestones with respect to deliverables have been met for certain of the account debtors.
2. The contract controller currently does not have online access to the books and records. The cash flow has been projected based on the assumption that access will be provided so that invoices may be issued.
3. No sales revenue has been reflected as the Company has not been successful in its recent marketing efforts.
4. Essential expense projections have been generated based on recent historical monthly figures, and suppliers will continue to supply the Company all of its needs on a C.O.D. basis during the period covered by this cash flow. The payments are expected to relate to payments to independent contractors for support services for the Company's customers and for the contract controller to assist in operating the business and providing assistance to the Proposal Trustee to market the assets of the Company.
5. Management have estimated professional fees during the period of the cash flow, but these fees will be dictated by the level of activity required by the Company's legal counsel, the Proposal Trustee and its legal counsel.

This Statement of Projected Cash Flow of VersAccounts Limited prepared in accordance with s.s. 50.4(2) and/or s.s. 50 (6) of the Bankruptcy and Insolvency Act should be read in conjunction with the Trustee's report on the reasonableness of the cash flow statement.

DATED AT TORONTO this 25th day of January, 2019.

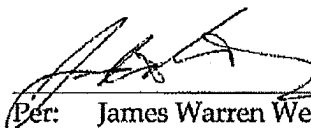
A. FARBER & PARTNERS INC., LIT
THE TRUSTEE ACTING IN RE
THE PROPOSAL OF VERSACCOUNTS LIMITED



Per: Noah Litwack, CIRP, LIT

DATED AT OTTAWA this 25th day of January, 2019.

VERSACCOUNTS LIMITED



Per: James Warren Welch

**IN THE MATTER OF THE PROPOSAL OF
VERSACCOUNTS LIMITED
OF THE CITY OF OTTAWA, IN THE PROVINCE OF ONTARIO**

**REPORT ON CASH-FLOW STATEMENT BY THE PERSON
MAKING THE PROPOSAL**

(Paragraphs 50(6)(c) and 50.4(2)(c) of the Bankruptcy and Insolvency Act)

VersAccounts Limited has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 25th day of January, 2019 consisting of the statement of projected cash-flow for the period January 22, 2019 to April 16, 2019 and the notes and assumptions underlying the statement of projected cash flow.

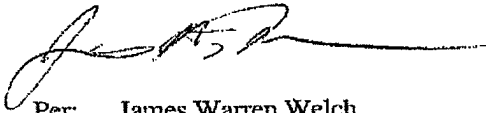
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes to and assumptions underlying the statement of projected cash flow.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in the notes to and assumptions underlying the statement of projected cash flow. Consequently, readers are cautioned that it may not be appropriate for other purposes.

DATED AT OTTAWA this 25th day of January, 2019.

VERSACCOUNTS LIMITED



Per: James Warren Welch

**IN THE MATTER OF THE PROPOSAL OF
VERSACCOUNTS LIMITED
OF THE CITY OF OTTAWA, IN THE PROVINCE OF ONTARIO**

TRUSTEE'S REPORT ON CASH FLOW STATEMENT

(Paragraph 50(6)(b) of the Bankruptcy and Insolvency Act)

The attached statement of projected cash flow of as of the 25th day of January, 2019 consisting of the statement of projected cash flow for the period January 22, 2019 to April 16, 2019 and the notes and assumptions underlying the statement of projected cash flow, has been prepared by the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions as set out in the notes to and assumptions underlying the statement of projected cash flow.

Our review consisted of enquiries, analytical procedures and discussion related to information supplied to us by the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

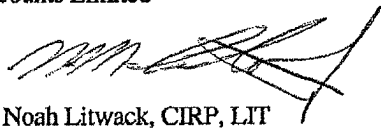
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1 of the Cash Flow Notes and Assumptions and readers are cautioned that it may not be appropriate for other purposes.

DATED AT TORONTO this 25th day of January, 2019

A. FARBER & PARTNERS INC.

The Trustee acting *in re* the proposal of
VersAccounts Limited



Per: Noah Litwack, CIRP, LIT

Appendix “F”
to the First Report of the
Proposal Trustee

Campbell, Amanda

From: jim.welch@sino-maple.com
Sent: January 24, 2019 8:54 AM
To: Robyn White
Cc: Noah Litwack
Subject: RE: FW: VersAccounts Limited

Hi Robyn,

For clarity, I have inserted my comments below in annotated and in blue for items that I used to have access to. Sunil has been advised of the filing. The email was sent to him last evening.

Cheers,

Jim Welch

T 613 247-0960

M 613 240-2172

-----Original Message-----

From: "Robyn White"
Sent: Thursday, January 24, 2019 8:15am
To: "jim.welch@sino-maple.com"
Cc: "Noah Litwack"
Subject: FW: VersAccounts Limited

Jim

Please see below for Joe Munk's response to our request for information to be provided for in the data room. Have you advised Sunil of the NOI filing?

Please provide the information for which you have access and advise of the items that you are unable to provide.
thanks



Robyn White, CPA, CGA, CIRP, LIT
Managing Director | Restructuring
T: +1 (647) 796-6030 | **M:** +1 (647) 225-8635
farbergroup.com



150 York Street, Suite 1600
Toronto, ON, Canada, M5H 3S5

[Subscribe Now](#)



This message is intended only for the use of the intended recipients, and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited and may be illegal. If you are not the intended recipient, please notify me immediately by return email and delete this message from your system. Thank you.

From: Joe Munk
Sent: Wednesday, January 23, 2019 11:07 PM
To: Robyn White
Cc: Noah Litwack
Subject: Re: VersAccounts Limited

Hi Robyn,

Please see my answers below in red.

Let me know if you have additional questions.

Thanks,

Joe

On Wed, Jan 23, 2019 at 12:53 PM Robyn White <rwhite@farbergroup.com> wrote:

Joe,

As per the attached, VersAccounts Limited has filed a Notice of Intention to file a Proposal and Farber has consented to act the Proposal Trustee. Counsel for VersAccounts is scheduled to attend court on January 30, 2019 for approval of, among other things, a sales process to sell the assets and the business of VersAccounts. In preparation for receipt of this order please provide digital copies of the following so we may begin to build a database for potential purchasers to access so they can conduct their due diligence:

-documents supporting the ownership of the Intellectual Property - I don't have access to this. I believe these files are on the shared google drive, which Sunil and Richard have access. They have eliminated my access. Jim may have a copy, but Sunil & Richard do for sure.

[JW] I do not have this information. Virginia Schweitzer, our corporate counsel, should have it. I will request a copy and send it to you.

-list of table names in the database - I don't have a copy of this. Perhaps Jim would have it. If not, Richard would. [JW] I do not have a current version of this information. Sunil Pande and Richard Zhou are the only people with access to it.

-database schema (diagram)- I don't have a copy of this. Perhaps Jim would have it. If not, Richard would. [JW] I do not have a current version of this information. Sunil Pande and Richard Zhou are the only people with access to it.

-sample representative files -I don't have a copy of this. Perhaps Jim would have it. If not, Richard would. [JW] I do not have a current version of this information. Sunil Pande and Richard Zhou are the only people with access to it.

-access to a demo user account -I don't have access to this. Only Sunil and Richard can do this -- they have locked us out of the system.

-customer contracts - The customer contracts that I have can be found here:

https://drive.google.com/open?id=1MDGHUF_LWkwcYFt_1GOTvOSxEf9FO-Za . Sunil and Richard have locked me out of the system, they have the contracts that I'm missing.

-main supplier contracts (Amazon Web Services, Google G-Suite Services, Desk CRM, etc.) - Sunil and Richard have locked me out of all the systems. I'm not able to access these systems to get a copy of contracts. We pay month to month via CC that is all I know.

-detailed aged accounts receivable list -Sunil and Richard have locked me out of the VersAccounts books. I cannot access this information.

-government licenses, approvals permits or similar, if any, used in connection with the business - I don't believe that we have any.

-prepaid expenses (amount paid, date paid, beneficiary of payment, reason for payment) - VersAccounts does not have any prepaid expenses.

-most current Income statement **Sunil and Richard have locked me out of the VersAccounts books. I cannot access this information.**

-most current Balance sheet **Sunil and Richard have locked me out of the VersAccounts books. I cannot access this information.**

-Unearned Revenue report reflecting anticipated revenue and timing of same - **See attached spreadsheet. Please let me know if you have questions about interpretation. Also, there may be adjustments (i.e. I've included AAC but may need to back that out).**

-list of computer equipment (brand, model numbers, serial numbers) - **I can get you this information tomorrow.**

Please provide at your earliest convenience. Should you be unable to provide, please provide contact details for person who will be able to provide.

thanks

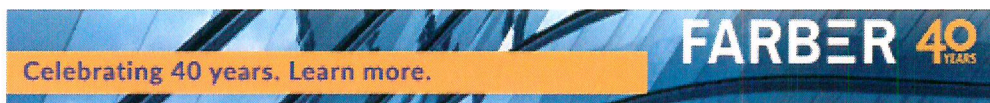


Robyn White, CPA, CGA, CIRP, LIT
Managing Director | Restructuring
T: +1 (647) 796-6030 | **M:** +1 (647) 225-8635
farbergroup.com



150 York Street, Suite 1600
Toronto, ON, Canada, M5H 3S5

Subscribe Now



This message is intended only for the use of the intended recipients, and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited and may be illegal. If you are not the intended recipient, please notify me immediately by return email and delete this message from your system. Thank you.

Appendix “G”
to the First Report of the
Proposal Trustee

Campbell, Amanda

From: Robyn White <rwhite@farbergroup.com>
Sent: January 24, 2019 3:07 PM
To: 'Sunil Pande'; sunil.pande@versaccounts.com
Cc: Noah Litwack
Subject: FW: FW: VersAccounts Limited

Importance: High

Hello Mr. Pande

As you have been advised, VersAccounts Limited has filed a Notice of Intention to file a Proposal and Farber has consented to act the Proposal Trustee. Counsel for VersAccounts is scheduled to attend court on January 30, 2019 for approval of, among other things, a sales process to sell the assets and the business of VersAccounts. In preparation for receipt of this order we have requested certain information, as per the email thread.

Online access is required for Joe Munk so he may access the records in order to invoice customers to allow for continued cash flow and to provide financial information we have requested. As per the email thread, Richard Zhou and yourself have been identified as the only people able to provide such online access as well as access to certain records, access to sample representative files and other noted items. Please advise as soon as possible if you are able to provide immediately. We anticipate commencing the sale process upon receipt of the court order, January 30, 2019.

Thank you for your cooperation with respect to this matter.



Robyn White, CPA, CGA, CIRP, LIT
Managing Director | Restructuring
T: +1 (647) 796-6030 | M: +1 (647) 225-8635
farbergroup.com



150 York Street, Suite 1600
Toronto, ON, Canada, M5H 3S5

[Subscribe Now](#)



This message is intended only for the use of the intended recipients, and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited and may be illegal. If you are not the intended recipient, please notify me immediately by return email and delete this message from your system. Thank you.

From: jim.welch@sino-maple.com <jim.welch@sino-maple.com>
Sent: Thursday, January 24, 2019 8:54 AM
To: Robyn White <rwhite@farbergroup.com>
Cc: Noah Litwack <nlitwack@farbergroup.com>
Subject: RE: FW: VersAccounts Limited

Hi Robyn,

For clarity, I have inserted my comments below in annotated and in blue for items that I used to have access to.

Sunil has been advised of the filing. The email was sent to him last evening.

Cheers,
Jim Welch
T 613 247-0960
M 613 240-2172

-----Original Message-----

From: "Robyn White" <rwhite@farbergroup.com>
Sent: Thursday, January 24, 2019 8:15am
To: "jim.welch@sino-maple.com" <jim.welch@sino-maple.com>
Cc: "Noah Litwack" <nlitwack@farbergroup.com>
Subject: FW: VersAccounts Limited

Jim

Please see below for Joe Munk's response to our request for information to be provided for in the data room. Have you advised Sunil of the NOI filing?

Please provide the information for which you have access and advise of the items that you are unable to provide.

thanks



Robyn White, CPA, CGA, CIRP, LIT
Managing Director | Restructuring
T: +1 (647) 796-6030 | M: +1 (647) 225-8635
farbergroup.com



150 York Street, Suite 1600
Toronto, ON, Canada, M5H 3S5

[Subscribe Now](#)



This message is intended only for the use of the intended recipients, and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited and may be illegal. If you are not the intended recipient, please notify me immediately by return email and delete this message from your system. Thank you.

From: Joe Munk <joemunk@gmail.com>
Sent: Wednesday, January 23, 2019 11:07 PM
To: Robyn White <rwhite@farbergroup.com>
Cc: Noah Litwack <nlitwack@farbergroup.com>
Subject: Re: VersAccounts Limited

Hi Robyn,
Please see my answers below in red.

Let me know if you have additional questions.

Thanks,
Joe

On Wed, Jan 23, 2019 at 12:53 PM Robyn White <rwhite@farbergroup.com> wrote:

Joe,

As per the attached, VersAccounts Limited has filed a Notice of Intention to file a Proposal and Farber has consented to act the Proposal Trustee. Counsel for VersAccounts is scheduled to attend court on January 30, 2019 for approval of, among other things, a sales process to sell the assets and the business of VersAccounts. In preparation for receipt of this order please provide digital copies of the following so we may begin to build a database for potential purchasers to access so they can conduct their due diligence:

-documents supporting the ownership of the Intellectual Property - I don't have access to this. I believe these files are on the shared google drive, which Sunil and Richard have access. They have eliminated my access. Jim may have a copy, but Sunil & Richard do for sure.

[JW] I do not have this information. Virginia Schweitzer, our corporate counsel, should have it. I will request a copy and send it to you.

-list of table names in the database - I don't have a copy of this. Perhaps Jim would have it. If not, Richard would. [JW] I do not have a current version of this information. Sunil Pande and Richard Zhou are the only people with access to it.

-database schema (diagram)- I don't have a copy of this. Perhaps Jim would have it. If not, Richard would. [JW] I do not have a current version of this information. Sunil Pande and Richard Zhou are the only people with access to it.

-sample representative files -I don't have a copy of this. Perhaps Jim would have it. If not, Richard would. [JW] I do not have a current version of this information. Sunil Pande and Richard Zhou are the only people with access to it.

-access to a demo user account -I don't have access to this. Only Sunil and Richard can do this -- they have locked us out of the system.

-customer contracts - The customer contracts that I have can be found here:
https://drive.google.com/open?id=1MDGHUF_LWkwcYft_1GOTvOSxEf9FO-Za . Sunil and Richard have locked me out of the system, they have the contracts that I'm missing.

-main supplier contracts (Amazon Web Services, Google G-Suite Services, Desk CRM, etc.) - Sunil and Richard have locked me out of all the systems. I'm not able to access these systems to get a copy of contracts. We pay month to month via CC that is all I know.

-detailed aged accounts receivable list -Sunil and Richard have locked me out of the VersAccounts books. I cannot access this information.

-government licenses, approvals permits or similar, if any, used in connection with the business - I don't believe that we have any.

-prepaid expenses (amount paid, date paid, beneficiary of payment, reason for payment) - VersAccounts does not have any prepaid expenses.

-most current Income statement Sunil and Richard have locked me out of the VersAccounts books. I cannot access this information.

-most current Balance sheet Sunil and Richard have locked me out of the VersAccounts books. I cannot access this information.

-Unearned Revenue report reflecting anticipated revenue and timing of same - See attached spreadsheet. Please let me know if you have questions about interpretation. Also, there may be adjustments (i.e. I've included AAC but may need to back that out).

-list of computer equipment (brand, model numbers, serial numbers) - I can get you this information tomorrow.

Please provide at your earliest convenience. Should you be unable to provide, please provide contact details for person who will be able to provide.

thanks



Robyn White, CPA, CGA, CIRP, LIT
Managing Director | Restructuring
T: +1 (647) 796-6030 | M: +1 (647) 225-8635
farbergroup.com



150 York Street, Suite 1600
Toronto, ON, Canada, M5H 3S5

[Subscribe Now](#)



This message is intended only for the use of the intended recipients, and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited and may be illegal. If you are not the intended recipient, please notify me immediately by return email and delete this message from your system. Thank you.

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF VERSACCOUNTS LIMITED, OF THE CITY
OF OTTAWA, IN THE PROVINCE OF ONTARIO

<p>ONTARIO</p> <p>SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) (IN BANKRUPTCY AND INSOLVENCY)</p> <p>PROCEEDING COMMENCED AT TORONTO</p>	<p>FIRST REPORT OF A. FARBER & PARTNERS INC., IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF VERSACCOUNTS LIMITED</p>
<p>DENTONS CANADA LLP 77 King Street West, Suite 400 Toronto-Dominion Centre Toronto, ON M5K 0A1</p> <p>Sara-Ann Van Allen (LSO # 56016C) Tel: (416) 863-4402 Fax: (416) 863-4592 sara.vanallen@dentons.com</p>	<p><i>Lawyers for A. Farber & Partners Inc., in its capacity as Proposal Trustee of VersAccounts Limited</i></p>