



2727 COWORKING / RESEARCH & PRACTICAL GUIDANCE

If a Coworking Operator Fails: Deposits, Contracts, Mail

Find a practical home for your work at 2727 Coworking in Montreal. Explore private offices, day workspaces and meeting rooms, plus business-address and virtual-mailbox services for your company.

Published by 2727 Coworking · 2026-10-29 · is wework profitable · wework bankruptcy members deposit · coworking operator bankruptcy · what happens if coworking closes

Original article: <https://2727coworking.com/articles/coworking-operator-fails-protect-your-deposit-member-contract-wework-lessons>



In this article

1. Why this question keeps coming up
2. What happened to WeWork in short
3. Was WeWork profitable? The numbers
4. How insolvency works in Canada in one page
5. Where your deposit ranks
6. Can the operator cancel or keep your membership?
7. What to check in a membership agreement
8. Mail, address and data
9. Practical steps if your operator files
10. Reducing the risk before you sign
11. Questions to ask any operator
12. Sources

Why this question keeps coming up

WeWork's bankruptcy turned a theoretical risk into a real one for anyone who pays a flexible-workspace operator a deposit or several months in advance. People still search whether WeWork is profitable or bankrupt, and behind most of those searches is a practical question: **if my coworking operator goes under, what happens to my money, my desk, my mail and my data?**

This article answers that question for members in Quebec and the rest of Canada. It is not a history of WeWork; for that, see our [WeWork history article](#). It explains the legal mechanics in plain language, using what the federal insolvency statutes and the *Civil Code of Québec* actually say. It is general information; the facts of a specific filing (the court orders, the claims process) are set by the trustee or monitor in that file.

What happened to WeWork in short

Date	Event
Q2 2023	Last full public quarter before the filing: going-concern warning
6 Nov 2023	Voluntary chapter 11 petitions in the US Bankruptcy Court for the District of New Jersey (8-K)
30 May 2024	Plan confirmed by the bankruptcy court (8-K)
11 Jun 2024	Emergred from chapter 11 "in the U.S. and Canada" (press release)

What happened in Canada. WeWork's Canadian operating entities (9670416 Canada Inc., WeWork Canada GP ULC, WeWork Canada LP ULC and tenant partnerships for buildings in Calgary, Burnaby and Vancouver) were among the companies in the restructuring ([restructuring support agreement](#), [Schedule 4](#)). On filing day WeWork said it would seek recognition of the US case in Canada under [Part IV of the CCAA](#), the cross-border route described below, and that its locations outside the US and Canada were not part of the process. The

Ontario Superior Court of Justice (Commercial List) recognized the US case on 16 November 2023 (Court File No. CV-23-00709258-00CL) and appointed Alvarez & Marsal Canada Inc. as information officer. By its June 2024 report, 14 Canadian locations had been kept (their leases assumed), 8 had been dropped (leases rejected) and 2 were still undecided, and Canadian creditors were to recover in the same way as similar creditors elsewhere ([Information Officer, Fourth Report, 24 June 2024](#)). So Canadian members of WeWork-run locations were inside the same restructuring as US members: most kept their space, some saw their building closed, and franchised locations abroad were untouched.

According to AP, WeWork came out of the restructuring as a private company. It said it had shed more than \$4 billion in debt, raised \$400 million of new equity and cut future lease obligations in half. It exited 170 "unprofitable" locations, leaving about 600 wholly owned, franchised and joint-venture locations in 37 countries, down from about 770 in 39 countries before the filing ([AP](#)).

For members, the key point is that **170 locations closed**. Members of a location the operator decides to exit face the questions below.

Was WeWork profitable? The numbers

Not in its last public years. In its second-quarter 2023 results filed with the SEC, WeWork reported revenue of \$844 million and a net loss of \$397 million for the quarter, and a net loss of \$696 million for the first half of 2023 (US dollars) ([WeWork Q2 2023 release](#), [SEC EDGAR](#)). The same release said that, because of its losses, projected cash needs, increased member churn and liquidity, "substantial doubt exists about the Company's ability to continue as a going concern."

Since emerging as a private company in 2024, WeWork no longer publishes results the same way, so whether it is profitable today cannot be answered from public filings ([AP](#)).

The structural lesson is the one that matters for members anywhere: an operator that signs long leases and sells short memberships carries a mismatch. When members leave faster than leases end, the operator's cash runs out.

How insolvency works in Canada in one page

Insolvency is federal law in Canada. A Canadian operator in trouble usually ends up in one of three processes:

Process	Statute	Who runs it	What it means for members
Proposal (restructuring)	Bankruptcy and Insolvency Act (BIA), Part III	The company, with a Licensed Insolvency Trustee	Business continues; contracts may be disclaimed with trustee approval
CCAA restructuring	Companies' Creditors Arrangement Act	The company, supervised by a court-appointed monitor	For companies with more than \$5 million in claims; business continues under a court stay
Bankruptcy	BIA	Licensed Insolvency Trustee	Business usually stops; assets are sold and proceeds shared among creditors

The CCAA applies only where total claims against the debtor exceed \$5 million (CCAA, s. 3). When a CCAA initial order is made, it typically gives the company a stay of proceedings against creditors, and the company may terminate or assign unwanted contracts, sell assets and restructure, with the court approving major actions (OSB, [You are owed money: CCAA](#)). A foreign proceeding such as a US chapter 11 case can be recognized by a Canadian court under Part IV of the CCAA (CCAA, ss. 44 to 46).

A small independent operator is more likely to file a proposal or go bankrupt under the BIA than to use the CCAA.

Where your deposit ranks

This is the hard truth: in most cases a member's deposit is an **ordinary unsecured claim**.

- **The general rule in Quebec.** The property of a debtor is the common pledge of its creditors (art. 2644 C.C.Q.). When creditors claim together, the proceeds are shared in proportion to their claims unless some have a legal cause of preference, which means prior claims and hypothecs (arts. 2646 and 2647) ([Civil Code of Québec](#)).
- **In a bankruptcy.** All debts and liabilities to which the bankrupt is subject on the day of bankruptcy, present or future, are claims provable (BIA s. 121(1)). Every creditor must prove the claim, and a creditor who does not is not entitled to share in any distribution (s. 124(1)). After secured creditors and the priority list in s. 136, proved claims are paid rateably (s. 141) ([BIA](#)).
- **Trust money is different.** Property held by the bankrupt in trust for another person is not divisible among creditors (BIA s. 67(1)(a)) ([BIA](#)). If your agreement says your deposit is held in trust or in a segregated account, and it really is, you are in a much stronger position. In Quebec, a trust exists only where property is transferred into a separate patrimony appropriated to a particular purpose that a trustee accepts to hold and administer (arts. 1260 and 1261 C.C.Q.). A deposit paid into the operator's general bank account does not meet that test, so it is part of the pool.

Illustrative example. A member paid a \$1,500 security deposit and two months prepaid (\$1,800) to an operator that goes bankrupt. Both amounts are claims provable. If the trustee eventually realizes enough to pay unsecured creditors 10 cents on the dollar, the member would receive about \$330 after filing a proof of claim. The 10% figure is invented for illustration; actual recoveries depend entirely on the estate.

If you paid by credit card, ask your card issuer promptly whether its dispute process covers prepaid services that were not delivered.

Can the operator cancel or keep your membership?

In a CCAA restructuring, the debtor company may disclaim or resiliate an agreement on notice, but **only with the monitor's approval** (or a court order if the monitor refuses). You then have **15 days** to apply to the court to stop the disclaimer, and the court considers, among other things, whether it would cause you significant financial hardship. If no one objects, the agreement ends 30 days after the notice. A party who suffers a loss from a disclaimer has a provable claim (CCAA, s. 32). Proposals under the BIA have a parallel rule with the trustee's approval (BIA s. 65.11).

Note one exception in s. 32(9)(d): the disclaimer power does not apply to a lease of real property or of an immovable where the company is the **lessor**. In Quebec the label on the document does not decide which you have. A lease is a contract by which the lessor provides the enjoyment of property, for a rent, for a certain time (art. 1851 C.C.Q.): a private office with a fixed, exclusive space looks like a lease. A hot desk or membership giving access to shared space plus services is a contract for services, and that triggers two other rules: you may resiliate it unilaterally at any time (art. 2125), and on resiliation the operator must repay any advances it received in excess of what it has earned (art. 2129). The operator, for its part, may resiliate only for a serious reason and never at an inopportune moment (art. 2126). Our [questions before renting an office or coworking space](#) explain the difference between a lease and a service contract.

Can you walk away? Under the CCAA, no one may terminate or amend an agreement with the debtor company, or claim accelerated payment, **by reason only** that proceedings started or the company is insolvent, and contract clauses saying otherwise have no effect (s. 34(1) and (5)). The BIA has the same rule for proposals (s. 65.1). In practice this means an "insolvency termination" clause in your membership agreement will not let you leave. You can still use any ordinary termination right in the agreement (for example, your notice period), and the operator can require you to pay for services provided after the filing (CCAA s. 34(4)(a)) (CCAA).

In a bankruptcy, the business often stops. Creditors can no longer start or continue proceedings against the debtor without the court's permission (OSB, [You are owed money: bankruptcy](#)). Your practical goal becomes getting your belongings out and moving.

What to check in a membership agreement

Before signing with any operator, read for these clauses:

Clause	What good looks like	Red flag
Deposit	Amount capped (one month or less); stated as held in trust or segregated; refund timeline	Large deposit, no refund date
Prepayment	Monthly billing or short prepaid periods	Discount for a year paid upfront
Termination by you	Clear notice period you can live with	Long notice plus auto-renewal
Termination or relocation by operator	Notice period and refund of prepaid amounts	Operator may end or move you "at any time"
Assignment	Operator may assign only to a successor who assumes the obligations	Silent
Personal property	Access to retrieve belongings on termination	Operator may dispose of items quickly
Mail and data	Forwarding or pickup period and data export after termination	Silent
Nature of the agreement	Clearly a lease or clearly a service or licence agreement	Unclear

Our [member insurance checklist](#) covers the insurance side: who insures your equipment if the space closes suddenly.

Mail, address and data

The money is often the smaller problem. The bigger one is everything registered at the operator's address.

Business address. If your company's head office, REQ address, CRA and Revenu Québec mailing address, bank and customers all point to the operator, list them now. A Quebec corporation updates its address with the Registraire des entreprises through a current updating declaration, which is free on the regular track as of October 2026 ([Québec.ca](#), [Registraire fees for a société par actions](#)). Our [REQ head office address guide](#) explains which address goes where.

Mail in transit. Ask the operator, monitor or trustee how long mail will be accepted and held, and whether you can collect it. Government letters with deadlines (assessments, demands) are the priority.

Data. If you use the operator's portal for invoices, mail scans or access logs, export them now. Keep your own copies of your agreement, invoices and payment proofs; you need them for a proof of claim.

Practical steps if your operator files

1. **Confirm the facts.** Find out which process was filed (proposal, CCAA or bankruptcy) and the name of the trustee or monitor. The OSB maintains a list of companies granted CCAA protection and a public registry of monitors ([OSB](#), [CCAA](#)).
2. **Gather documents:** agreement, deposit receipt, invoices, card statements, correspondence.
3. **File a proof of claim.** In a bankruptcy, the trustee sends you the form; you must complete it and attach a statement of account to recover anything ([OSB](#), [bankruptcy](#)). In a CCAA case there may be a **claims bar date**, and missing it can "severely and irreversibly" affect your rights; if you have not received a form, contact the monitor ([OSB](#), [CCAA](#)).
4. **Keep paying for what you use**, if you stay. Post-filing services can be billed to you.
5. **Watch for a disclaimer notice** and the 15-day window to object.
6. **Line up a fallback:** a month-to-month space or a day-pass arrangement, and a new mailing address.
7. **Ask your card issuer** about disputes for prepaid services not delivered.

Reducing the risk before you sign

- **Keep exposure small.** Pay monthly. Treat any upfront amount (deposit plus prepayment) as money you could lose.
- **Prefer card or pre-authorized payment** to cheques or wires for prepayments.
- **Ask how deposits are held**, and get the answer in the agreement.
- **Check the operator's footing.** An independent operator that owns its building, or holds a long lease with years remaining, has a different risk from one subleasing month to month from another tenant.
- **Avoid single points of failure.** Do not let one operator be your office, your mail, your registered address and your phone number without a plan B.

Questions to ask any operator

1. Does the operating company own the building or lease it? If leased, how many years remain?
2. Is the location run by the brand itself, a franchisee or a management partner?
3. How are member deposits held: trust account, separate account or general funds?
4. What happens to prepaid months and deposits if you close or relocate this location?
5. How much notice will members get if the location closes?
6. How long will mail be held or available for pickup after a closure?
7. Can I export my invoices, scans and access history at any time?
8. Is my agreement a lease or a service contract?
9. What insurance do you carry for members' property?

2727 Coworking publishes its answers to common prospect questions in its [FAQ](#) for prospective members.

Sources

1. Companies' Creditors Arrangement Act, full text (Justice Laws Website)
2. Bankruptcy and Insolvency Act, full text (Justice Laws Website)
3. Civil Code of Québec, arts. 1260-1261, 1851, 2125-2129, 2644-2647 (LégisQuébec)
4. You are owed money: bankruptcy (Office of the Superintendent of Bankruptcy)
5. You are owed money: Companies' Creditors Arrangement Act (Office of the Superintendent of Bankruptcy)
6. WeWork Inc., Form 8-K, 7 November 2023: chapter 11 petitions (SEC EDGAR)
7. WeWork Inc., press release of 6 November 2023, Exhibit 99.1: CCAA Part IV recognition (SEC EDGAR)
8. WeWork Inc., restructuring support agreement, Exhibit 10.1, Schedule 4 Canadian entities (SEC EDGAR)
9. WeWork Inc., Form 8-K, 3 June 2024: plan confirmation (SEC EDGAR)
10. WeWork announces emergence from chapter 11, 11 June 2024, Exhibit 99.3 (SEC EDGAR)
11. WeWork has emerged from bankruptcy: what's next (AP, via The Daily Record, 12 June 2024)
12. WeWork second quarter 2023 results press release (SEC EDGAR)
13. Tarifs du Registraire des entreprises pour une société par actions (Québec.ca)
14. Alvarez & Marsal Canada Inc., Fourth Report of the Information Officer, WeWork Inc. CCAA recognition, Ont. S.C.J. (Commercial List) CV-23-00709258-00CL, 24 June 2024

Source links

Links cited in this article, in order of first appearance. Full addresses are provided for readers using extracted text.

1. <https://www.sec.gov/Archives/edgar/data/1813756/000119312523271902/d522028d8k.htm>
2. <https://www.sec.gov/Archives/edgar/data/1813756/000181375624000022/we-20240530.htm>
3. <https://www.sec.gov/Archives/edgar/data/1813756/000119312524159419/d803133dex993.htm>
4. <https://www.sec.gov/Archives/edgar/data/1813756/000119312523271902/d522028dex101.htm>
5. <https://www.sec.gov/Archives/edgar/data/1813756/000119312523271902/d522028dex991.htm>

6. <https://www.alvarezandmarsal.com/sites/default/files/canada/WeWork%20Canada%20-%20Fourth%20Report%20of%20the%20Information%20Officer.pdf>
7. <https://thedailyrecord.com/2024/06/12/wework-has-emerged-from-bankruptcy-whats-next-for-the-co-working-office-space-provider>
8. <https://www.sec.gov/Archives/edgar/data/1813756/000181375623000061/wework2023q2pressrelease.htm>
9. <https://laws-lois.justice.gc.ca/eng/acts/c-36/FullText.html>
10. <https://ised-isde.canada.ca/site/office-superintendent-bankruptcy/en/you-are-owed-money/you-are-owed-money-companies-creditors-arrangement-act>
11. <https://www.legisquebec.gouv.qc.ca/en/document/cs/CCQ-1991>
12. <https://laws-lois.justice.gc.ca/eng/acts/b-3/FullText.html>
13. <https://ised-isde.canada.ca/site/office-superintendent-bankruptcy/en/you-are-owed-money/you-are-owed-money-bankruptcy>
14. <https://www.quebec.ca/entreprises-et-travailleurs-autonomes/tarifs-registraire-entreprises/societe-par-actions>

THE PUBLISHER

About 2727 Coworking

2727 Coworking is a Montreal workspace and business-address provider. We serve people who need a place to focus, meet, run a small business or establish a professional mailing presence. Our website offers English and French information about workspace options and services, alongside educational resources for operating a business in Canada.

A workspace that fits the day

Our workspace options include private offices, day passes and desks, and a conference room. These formats help individuals and teams compare a dedicated office with more flexible ways to work or hold a meeting. Prospective members can explore the virtual tour, review current pricing and book a visit before choosing a workspace.

Business addresses and mail

2727 Coworking provides business-address and virtual-mailbox services. Our resources explain the documents and practical questions involved, including guidance for people outside Canada. Service eligibility, included features, availability and access arrangements should be confirmed on the applicable service page or with our team.

Resources for Canadian small businesses

We publish guides, research and planning tools about workspace decisions, business addresses and starting a business in Canada. Our incorporation research includes information for people inside Canada and abroad, with jurisdiction-specific material to help readers identify the next questions to investigate. These educational resources complement our workspace and address services; they are not individualized legal, tax or immigration advice.

Visit or contact 2727 Coworking

Explore [private offices](#), [day passes and desks](#), [the conference room](#), [business addresses](#) and [virtual mailboxes](#). [Book a visit](#) or [contact the team](#) to discuss your needs.

A business address alone does not establish tax residence, immigration status, banking approval or eligibility for a government program.

Website: <https://2727coworking.com>

This article is educational. Verify consequential medical, legal, financial, regulatory and technical decisions with appropriate professionals and the cited primary sources. Company services are described separately from the article's research findings.