



No. S-209798
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF CREDITLOANS CANADA FINANCING INC. and
CREDITLOANS CANADA CAPITAL INC.

PETITIONERS

NOTICE OF APPLICATION

Names of applicants: The Petitioners, Creditloans Canada Financing Inc. ("**Progressa**" or "**Financing Inc.**") and Creditloans Canada Capital Inc. ("**Capital Inc.**" and together with Financing Inc., the "**Petitioners**" or the "**applicants**")

To: Service List attached hereto as **Schedule "A"**

TAKE NOTICE that an application will be made by the applicants to the Honourable Madam Justice Fitzpatrick at the courthouse at 800 Smithe Street, in the City of Vancouver, in the Province of British Columbia, on October 9, 2020 at 10:00 a.m. for the order(s) set out in Part 1 below.

Part 1: ORDER(S) SOUGHT

1. An order extending the stay of proceedings imposed by the amended and restated initial Order pronounced October 2, 2020 (the "**ARIO**") to Friday, December 4, 2020, substantially in the form attached hereto as **Schedule "B"**.
2. Such further and other relief as this Honourable Court may deem just.

Part 2: FACTUAL BASIS

Overview

1. All capitalized terms used and not otherwise defined herein have the same meaning as given to them in the Petition dated September 29, 2020.
2. On September 30, 2020, Madam Justice Fitzpatrick granted an initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). BDO Canada Limited was appointed as monitor (the "**Monitor**") pursuant to the Initial Order.
3. The Initial Order, amongst other things, granted the Administration Charge in the maximum amount of \$100,000, and imposed a stay of proceedings in favour of the Petitioners (the "**Stay of Proceedings**") until the return date of October 9, 2020.

4. On October 2, 2020, Madam Justice Fitzpatrick granted the ARIO which, among other things:
 - (a) authorized an increase in the maximum amount of the Administration Charge to \$300,000;
 - (b) granted the following charges over some or all of the property of the Petitioners, with the relative priorities set out in the ARIO, as security for the obligations of the Petitioner to the beneficiaries of such charges:
 - (i) the Interim Lender's Charge in favour of the Interim Lender; and
 - (ii) the D&O Charge in favour of the directors and officers of the Petitioners.
5. Pursuant to the ARIO, the comeback hearing is scheduled for 10:00 a.m. on October 9, 2020.
6. Since the granting of the Initial Order, the Petitioners have taken steps to notify their creditors and stakeholders of these CCAA proceedings and advance their efforts to identify and develop a restructuring plan. Those steps include, without limitation:
 - (a) continuing the operations and business of Progressa, including originating consumer loans and remitting collections to the Loan Funders in accordance with the Loan Purchase Agreements;
 - (b) meeting and working with the Monitor to facilitate the monitoring of the Petitioners' business and operations;
 - (c) responding to information requests from creditors and stakeholders of the Petitioners;
 - (d) negotiating with certain suppliers to ensure the uninterrupted provision of services necessary to continue Progressa's operations;
 - (e) entering into the DIP Commitment Letter with the Interim Lender; and
 - (f) applying to Court and obtaining the ARIO.

Extending the Stay of Proceedings is Appropriate

7. The Petitioners seek an extension of the Stay of Proceedings in order to continue to operate Progressa's business, particularly its consumer lending operations, while engaging with stakeholders, designing a claims process, and developing a restructuring plan (or plans).
8. In the time since the Initial Order was granted, the Petitioners have been and are acting in good faith and with due diligence to maximize value for their stakeholders and respond to their concerns.
9. The Monitor supports the extension of the Stay of Proceedings.

10. The extension of the Stay of Proceedings will enable the Petitioners to stabilize and continue Progressa's operations and continue with the development of a restructuring plan.

Part 3: LEGAL BASIS

1. The Petitioners rely on:
 - (a) Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended;
 - (b) Supreme Court Civil Rules;
 - (c) the inherent and equitable jurisdiction of this Honourable Court; and
 - (d) such further and other legal basis as counsel may advise and this Honourable Court may allow.

Extending the Stay of Proceedings is Appropriate

2. Section 11.02(2) of the CCAA provides that the Petitioners may apply for an extension of the Stay of Proceedings for a period that the Court considers necessary on terms that the Court shall impose. In accordance with section 11.02(3) of the CCAA, the Petitioners must satisfy the Court that:
 - (a) circumstances exist that make the extension of the Stay of Proceedings appropriate; and
 - (b) the Petitioners have acted, and are acting, in good faith and with due diligence.
3. The Court should inquire whether the extension of the Stay of Proceedings advances the remedial purpose of the CCAA and avoids the losses that result from liquidation.

North American Tungsten Corp. (Re), 2015 BCSC 1376, at para. 25

4. The extension of the Stay of Proceedings is appropriate and necessary so that the Petitioners can continue the business and operations of Progressa and to permit the Petitioners the opportunity to develop a restructuring plan (or plans).
5. The Petitioners, with the assistance of the Monitor, have been working in good faith and with due diligence to advance these CCAA proceedings. In the short time since the Initial Order was granted, the Petitioners have engaged in constructive discussions with their creditors and stakeholders and have worked with the Monitor to develop an updated cash flow forecast for the purposes of the October 2, 2020 hearing.

Part 4: MATERIAL TO BE RELIED ON

1. First Affidavit of Nathan Slee, made September 29, 2020.
2. Petition dated September 29, 2020.
3. Second Affidavit of Nathan Slee, made October 1, 2020.

4. First Monitor's Report, dated October 1, 2020.
5. ARIO made October 2, 2020.
6. Second Monitor's Report, dated October 7, 2020.
7. Such further and other materials as counsel may advise and this Honourable Court may permit.

The applicants estimate that the application will take 2 hours and 30 minutes.

The Honourable Madam Justice Fitzpatrick is seized of this matter.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7 (9).

Date: October 7, 2020



Signature of lawyer for the Petitioners

Vicki Tickle

To be completed by the court only:

Order made

- in the terms requested in paragraphs _____ of Part 1 of this notice of application
- with the following variations and additional terms:

Date: _____

Signature of Judge Master _____

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- other matters concerning document discovery
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts

SCHEDULE A

No. 209798
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PETITIONERS

SERVICE LIST

Updated: October 7, 2020

<p>McMillan LLP Royal Centre, Suite 1500, 1055 West Georgia St. Vancouver, BC V6E 4N7</p> <p>Attention: Vicki Tickle Daniel Shouldice Julie Hutchinson</p> <p>Tel: 236-826-3022 Email: vicki.tickle@mcmillan.ca daniel.shouldice@mcmilla.ca Julie.Hutchinson@mcmillan.ca</p> <p><i>Counsel for Creditloans Canada Financing Inc. and Creditloans Canada Capital Inc.</i></p>	<p>BDO Canada LLP 1600 - 925 West Georgia Street Vancouver, BC V6C 3L2</p> <p>Attention: Jervis Rodrigues Ilya Margulis</p> <p>Tel: 604-688-541 Fax: 604-688-5132 Email: jrodrigues@bdo.ca imargulis@bdo.ca</p> <p><i>The Monitor</i></p>
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<p>Fasken Martineau DuMoulin LLP 2900 - 550 Burrard Street Vancouver, BC V6C 0A3</p> <p>Attention: Kibben Jackson</p> <p>Tel: 604-631-4786 Email: kjackson@fasken.com</p> <p><i>Counsel for the Monitor</i></p>	<p>Stikeman Elliot LLP 1700 - 666 Burrard Street Vancouver, BC V6C 2X8</p> <p>Attention: Victor Gerchikov Karen Fellowes</p> <p>Email: vgerchikov@stikeman.com kfellowes@stikeman.com</p> <p><i>Counsel for ACF Financial Limited Partnership</i></p>
<p>Blake, Cassels & Graydon LLP 2600 - 595 Burrard Street Vancouver, BC V7X 1L3</p> <p>Attention: Peter Rubin/Morgan Crilly</p> <p>Email: peter.rubin@blakes.com morgan.crilly@blakes.com</p> <p><i>Counsel for the Interim Lender, JWC Opportunities Fund Inc.</i></p>	<p>Edwards, Kenny & Bray LLP 1900 - 1040 West Georgia Street Vancouver, BC V6E 4H3</p> <p>Attention: Fraser Hartley</p> <p>Email: fhartley@ekb.com</p> <p><i>Counsel for CHP Master I Limited Partnership and CHP ALT Credit Limited Partnership</i></p>
<p>Borden Ladner Gervais LLP 1200 - 200 Burrard Street Vancouver, BC V7X 1T2</p> <p>Attention : Lisa Hiebert</p> <p>Email : lhiebert@blg.com</p> <p><i>Counsel for Health Smart Financial Services Inc.</i></p>	<p>Merchant Opportunities Funds Limited Partnership 20 - 1500 West Georgia Street Vancouver, BC V6G 2Z6</p> <p>Attention: David Gens</p> <p>Email: david.gens@merchantgrowth.com</p>
<p>Bondholders</p> <p>Via email</p>	<p>FirePower Capital 200 - 47 Front Street East Toronto ON M5E 1B3</p> <p>Attention: Stella Millis</p> <p>Email: smillis@firepowercapital.com</p>

SCHEDULE B

No. 209798
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ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE)
) 9 OCTOBER 2020
MADAM JUSTICE FITZPATRICK)

ON THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 9th day of October, 2020; AND ON HEARING Vicki Tickle and Daniel Shouldice, counsel for the Petitioners and those other counsel listed on Schedule "A" hereto; AND UPON READING the materials filed, including the First Affidavit of Nathan Slee affirmed September 29, 2020 (the "**First Slee Affidavit**"), the Second Affidavit of Nathan Slee affirmed October 1, 2020 (the "**Second Slee Affidavit**"), the First Report of the Monitor dated October 1, 2020 and the Second Report of the Monitor dated October 7, 2020; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

1. The time for service of the Notice of Application for this Order be and is hereby abridged such that the Notice of Application is properly returnable today and service upon any interested party other than those parties on the Service List maintained by the Monitor in these proceedings is hereby dispensed with.

2. The Stay Period, as defined and provided for in the Order of the Honourable Madam Justice Fitzpatrick made in these proceedings on October 2, 2020 (the "ARIO"), and all other such relief provided for in the ARIO, is hereby extended from October 9, 2020 to December 4, 2020.

3. Endorsement of this Order by counsel appearing on this application other than counsel for the Petitioners is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Vicki Tickle
Lawyer for the Petitioners

BY THE COURT

REGISTRAR

Schedule "A"
COUNSEL LIST

Party	Counsel
The Monitor, BDO Canada Limited	Kibben Jackson

