

This is the 1st Affidavit
of Kiya Hushyar in this case and was
made on December 2, 2020

No§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

AFFIDAVIT

I, Kiya Hushyar, care of 1500 – 1055 West Georgia Street, at the City of Vancouver, in the Province of British Columbia, AFFIRM THAT:

1. I am the chief financial officer of Creditloans Canada Financing Inc. dba Progressa (“**Financing Inc.**” or “**Progressa**”) and the sole director of Creditloans Canada Capital Inc. (“**Capital Inc.**” and together with Progressa, the “**Petitioners**”), and as such have personal knowledge of the facts and matters hereinafter deposed to, save and except where they are stated to be on information and belief in which I verily believe them to be true.
2. I am authorized to make this affidavit on behalf of the Petitioners.
3. This affidavit is sworn in support of the Petitioners’ response to an application to adjourn the meeting of creditors (the “**Meeting**”) to be held on December 3, 2020 in accordance with the Order of Madam Justice Fitzpatrick made November 16, 2020 in these proceedings (the “**Meeting Order**”) to consider and vote on the Petitioners’ plan of compromise and arrangement (the “**Plan**”) filed pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CAA**”).

LM Credit Inc.

4. Based on my knowledge of the consumer loan market in which Progressa operates, I am aware that LM Credit Inc. ("**LM Credit**"), formerly known as Tanda Financial, is a consumer loan provider operating in the same consumer loan market. Alex Yusuf and Hari Kalantzakos have held themselves out to me, and in online marketing, that they are the principals of LM Credit as well as Financial Square Inc. ("**Financial Square**") and LM Financial Services Inc. ("**LM Financial**").

5. In or around February 2017, Progressa entered into an agreement with LM Financial whereby LM Financial acted as Progressa's agent to refer loan applicants to Progressa in exchange for earning commissions on the loans originated by Progressa. LM Financial further benefitted from this agreement by obtaining information from applicants who may be interested in alternative mortgage lending options from LM Financial.

6. At this time, I observed that Mr. Yusuf and Mr. Kalantzakos were spending significant time and money cultivating a business relationship with Progressa's CEO at the time, Ali Pourdad. A senior Progressa executive (the "**Senior Executive**") also appeared to have a friendly business relationship with Mr. Yusuf and Mr. Kalantzakos.

7. In or around September 2019 Mr. Yusuf and Mr. Kalantzakos invited me to meet with them in Toronto. During this meeting they informed me that Mr. Pourdad and the Senior Executive had assisted them with starting LM Credit, then called Tanda Financial, including introducing them to Progressa's corporate counsel who had created the bond program implemented by the Petitioners to raise operating capital. LM Credit subsequently created a similar bond program.

8. Mr. Pourdad resigned as Progressa's CEO and was replaced by Nathan Slee in September 2019.

9. In the months leading up to Mr. Pourdad's resignation, it became apparent to me that LM Credit had started aggressively competing with Progressa for loan originations in the same market space because LM Financial was no longer referring loan applicants to Progressa and LM Credit was approaching credit agencies for referrals to them directly rather than to Progressa.

10. The Senior Executive resigned shortly after Mr. Pourdad resigned. Prior to and in the four months following the Senior Executive's resignation, six of Progressa's employees left Progressa for LM Credit.

11. One of the Progressa employees hired by LM Credit was Progressa's lead partner support employee (the "**Former Partner Support Employee**") responsible for managing relationships with credit agencies who provide referrals to Progressa for consumer loans. Around the same time, individuals with Progressa's credit agencies informed Progressa that LM Credit was directly approaching them for referral business.

12. LM Credit began to directly approach the agencies that Progressa had referral relationships with.

13. At that time, Progressa's corporate counsel at the time delivered a letter to LM Credit and the Former Partner Support Employee to remind them of the former employee's ongoing confidentiality and non-competition obligations under the former employee's employment agreement with Progressa. LM Credit denied engaging in conduct which contravened those obligations.

14. In or around the fall of 2019, Progressa's Vice President of Strategic Partnerships informed me that he had learned while working for a credit agency that LM Credit was making incentive payments directly to credit agency employees without the knowledge or consent or the management of the credit agencies. As a result of this practice, and the other conduct detailed above, have led me to conclude that LM Credit is willing to engage in aggressive business practices to compete with Progressa.

Due Diligence Requests

15. The Petitioners have responded to every request made by the Monitor and its counsel for documents or information. In some instances, the documents sought by the Monitor and its counsel do not exist. In those instances, I have reviewed the books and records of the Petitioners to determine that such documents do not exist.

16. In the course of conducting due diligence, LM Credit has requested documents and information which goes well beyond what Progressa has provided to interested parties in the past, including Spring Financial Inc. Specifically, LM Credit has requested information which could be used to identify Progressa's customers. LM Credit further proposed revisions to the form of

non-disclosure agreement accepted by Spring Financial Inc. which would have allowed LM Credit to contact Progressa's lenders, shareholders, financiers, customers and counterparties, including Progressa's partner credit agencies. Attached hereto as **Exhibit "A"** is a true copy of an email exchange between myself, the Monitor, counsel for the Monitor and counsel for LM between November 24-25, 2020 regarding LM Credit's due diligence requests.

17. Providing the additional confidential information requested by LM Credit would allow LM Credit the ability to approach Progressa's customers and employees. I would be reluctant to provide this information – particularly personal identifiable information of customers – to any third party in the course of due diligence. In light of the history between LM Credit and Progressa referred to above, my concerns are heightened, I am concerned that LM Credit would use such information to market their products to Progressa's customers and hire Progressa's employees. In my view, it is clearly not in the best interests of the Petitioners or its stakeholders to do so.

18. In the last two weeks, I have received numerous enquiries from bondholders that indicate they understand from their communications with LM Credit that the Monitor is working for or in some way affiliated with Progressa and that the Loan Funders are agreeable to LM Credit's proposal. I find this misinformation the bondholders are receiving from LM Credit to be very concerning.

19. I agree with the Monitor's concerns about the viability of the offer from LM Credit set out in the Monitor's Fifth Report. I am concerned that adjourning the Meeting to provide more time for LM Credit to conduct further due diligence will not only unnecessarily delay the approval and implementation of the Plan, it will also provide LM Credit an opportunity to learn confidential information regarding Progressa's lending and business operations that would cause significant risk to Progressa's competitive market position and ongoing viability.

20. At all times I have taken and continue to take my duties to the Petitioners' stakeholders, including the bondholders, extremely seriously.

This is Exhibit "A" referred to in the
affidavit of Kiya Hushyar
sworn before me at Vancouver
this 2 day of December 2020


A Commissioner for taking affidavits
Within British Columbia

Blair McRadu

From: Kibben Jackson <kjackson@fasken.com>
Sent: Wednesday, November 25, 2020 1:34 PM
To: Vicki Tickle; Daniel Shouldice; kiya.hushyar (kiya.hushyar@progressa.com)
Cc: Rodrigues, Jervis; Margulis, Ilya (imargulis@bdo.ca); Glen Nesbitt
Subject: FW: Progressa
Attachments: Payment History Data Template.xlsx; Loan Data Template.xlsx

See below and attached. I took the liberty of copying Kiya to save you forwarding.

Let me know if this information is something the company would provide to LMC, assuming we can get over the issues with the NDA.

From: Caitlin Fell [mailto:cfell@wfkllaw.ca]
Sent: November-25-20 1:27 PM
To: Kibben Jackson; Glen Nesbitt
Cc: Rodrigues, Jervis; Margulis, Ilya (imargulis@bdo.ca); Mark Wilson
Subject: [EXT] RE: Progressa

Hi Kibben

Further to our call attached are the data points our client is looking for. Hopefully this is of assistance. I note that the Loan Data Template has first and last name but that can be omitted if the company feels that is too sensitive.



Caitlin Fell
Partner | Weisz Fell Kour LLP
T | [416.613.8282](tel:416.613.8282)
C | [416.258.5843](tel:416.258.5843)
F | [416.613.8290](tel:416.613.8290)
E | cfell@wfkllaw.ca

From: Kibben Jackson <kjackson@fasken.com>
Sent: November 25, 2020 10:52 AM
To: Caitlin Fell <cfell@wfkllaw.ca>; Glen Nesbitt <gnesbitt@fasken.com>
Cc: Rodrigues, Jervis <JRodrigues@bdo.ca>; Margulis, Ilya (imargulis@bdo.ca) <imargulis@bdo.ca>; Mark Wilson <mwilson@wildlaw.ca>
Subject: RE: Progressa

Hi Caitlin. We have a call with the company this morning and will get back to you after that.

From: Caitlin Fell [mailto:cfell@wfkllaw.ca]
Sent: November-25-20 7:46 AM
To: Kibben Jackson; Glen Nesbitt
Cc: Rodrigues, Jervis; Margulis, Ilya (imargulis@bdo.ca); Mark Wilson
Subject: [EXT] RE: Progressa

Hi Kibben, please get back to us asap today if possible. We are losing time on diligence.



Caitlin Fell
Partner | **Weisz Fell Kour**
LLP
T | [416.613.8282](tel:416.613.8282)
C | [416.258.5843](tel:416.258.5843)
F | [416.613.8290](tel:416.613.8290)
E | cfell@wfklaw.ca

From: Kibben Jackson <kjackson@fasken.com>
Sent: Tuesday, November 24, 2020 6:56 PM
To: Caitlin Fell <cfell@wfklaw.ca>; Glen Nesbitt <gnesbitt@fasken.com>
Cc: Rodrigues, Jervis <JRodrigues@bdo.ca>; Margulis, Ilya (imargulis@bdo.ca) <imargulis@bdo.ca>; Mark Wilson <mwilson@wildlaw.ca>
Subject: RE: Progressa

Caitlin – some of these changes are questions for the company. We will loop their counsel in and let you know which, if any, we are okay with. Stay tuned.

From: Caitlin Fell [<mailto:cfell@wfklaw.ca>]
Sent: November-24-20 3:11 PM
To: Glen Nesbitt; Kibben Jackson
Cc: Rodrigues, Jervis; Margulis, Ilya (imargulis@bdo.ca); Mark Wilson
Subject: [EXT] RE: Progressa

Hi Glen,

Please see attached comments on the NDA. Let us know if you have any questions.

Caitlin



Caitlin Fell
Partner | **Weisz Fell Kour**
LLP
T | [416.613.8282](tel:416.613.8282)
C | [416.258.5843](tel:416.258.5843)
F | [416.613.8290](tel:416.613.8290)
E | cfell@wfklaw.ca

From: Glen Nesbitt <gnesbitt@fasken.com>
Sent: Tuesday, November 24, 2020 3:22 PM
To: Caitlin Fell <cfell@wfklaw.ca>; Kibben Jackson <kjackson@fasken.com>
Cc: Rodrigues, Jervis <JRodrigues@bdo.ca>; Margulis, Ilya (imargulis@bdo.ca) <imargulis@bdo.ca>
Subject: RE: Progressa

Attached.

Glen Nesbitt
ASSOCIATE
T. +1 604 631 4833 | F. +1 604 631 3232

From: Caitlin Fell [<mailto:cfell@wfklaw.ca>]
Sent: November 24, 2020 12:21 PM
To: Glen Nesbitt; Kibben Jackson
Cc: Rodrigues, Jervis; Margulis, Ilya (imargulis@bdo.ca)
Subject: [EXT] RE: Progressa

Thanks. Please send us a word version.



Caitlin Fell
Partner | Weisz Fell Kour
LLP
T | [416.613.8282](tel:416.613.8282)
C | [416.258.5843](tel:416.258.5843)
F | [416.613.8290](tel:416.613.8290)
E | cfell@wfklaw.ca

From: Glen Nesbitt <gnesbitt@fasken.com>
Sent: Tuesday, November 24, 2020 3:20 PM
To: Caitlin Fell <cfell@wfklaw.ca>; Kibben Jackson <kjackson@fasken.com>
Cc: Rodrigues, Jervis <JRodrigues@bdo.ca>; Margulis, Ilya (imargulis@bdo.ca) <imargulis@bdo.ca>
Subject: RE: Progressa

Thanks, Caitlin. Attached is the NDA.

Glen Nesbitt
ASSOCIATE
T. +1 604 631 4833 | F. +1 604 631 3232

From: Caitlin Fell [<mailto:cfell@wfklaw.ca>]
Sent: November 24, 2020 11:50 AM
To: Kibben Jackson
Cc: Glen Nesbitt; Rodrigues, Jervis; Margulis, Ilya (imargulis@bdo.ca)
Subject: [EXT] RE: Progressa

LM Credit Inc.



Caitlin Fell
Partner | Weisz Fell Kour
LLP
T | [416.613.8282](tel:416.613.8282)
C | [416.258.5843](tel:416.258.5843)
F | [416.613.8290](tel:416.613.8290)
E | cfell@wfklaw.ca

From: Kibben Jackson <kjackson@fasken.com>

Sent: Tuesday, November 24, 2020 2:02 PM

To: Caitlin Fell <cfell@wfkllaw.ca>

Cc: Glen Nesbitt <gnesbitt@fasken.com>; Rodrigues, Jervis <JRodrigues@bdo.ca>; Margulis, Ilya (imargulis@bdo.ca) <imargulis@bdo.ca>

Subject: Progressa

Caitlin:

Can you please provide the full name of your client (for the NDA)?

Thanks,

This email contains privileged or confidential information and is intended only for the named recipients. If you have received this email in error or are not a named recipient, please notify the sender and destroy the email. A detailed statement of the terms of use can be found at the following address: <https://www.fasken.com/en/terms-of-use-email/>.

Fasken has a COVID-19 management plan in place. We prioritize maintaining a safe workplace; encourage social distancing and uphold privacy and confidentiality for those we work with. We have reduced the need to attend our offices to necessary visits, and are minimizing in-person meetings. We have enhanced digital communications with you through telephone & web conferencing, secure email, Fasken Edge, etc.

Please do not visit our offices without an appointment in advance; and please excuse us if we do not shake your hand. In the event the risk of COVID-19 increases and affects our ability to provide legal services or representation, we will make the best arrangements within our power to obtain time extensions and/or adjournments. We appreciate your understanding.

> [COVID-19 Resource Centre for Businesses](#)

Ce message contient des renseignements confidentiels ou privilégiés et est destiné seulement à la personne à qui il est adressé. Si vous avez reçu ce courriel par erreur, S.V.P. le retourner à l'expéditeur et le détruire. Une version détaillée des modalités et conditions d'utilisation se retrouve à l'adresse suivante : <https://www.fasken.com/fr/terms-of-use-email/>.

Fasken dispose d'un plan de gestion de la situation en lien avec la COVID-19. Notre priorité est de maintenir un milieu de travail sécuritaire, d'encourager la distanciation sociale et d'assurer la protection des renseignements personnels et de la confidentialité au nom des personnes pour lesquelles nous travaillons. Nous avons réduit le nombre de visites nécessaires à nos bureaux et réduit au strict minimum les réunions en personne. Nous avons amélioré les communications numériques par téléphone, par vidéoconférence, par courrier électronique sécurisé, par l'intermédiaire de Fasken Plus, etc.

Nous vous prions de ne pas vous présenter au bureau sans rendez-vous et veuillez nous excuser d'avance si nous ne vous serrons pas la main. Si le risque de propagation du virus COVID-19 augmente et atteint notre capacité à fournir des services juridiques ou de représenter nos clients, nous ferons tout en notre pouvoir pour prendre les meilleures dispositions afin d'obtenir des reports et/ou des ajournements. Nous vous remercions pour votre compréhension.

> [Centre de ressources sur la COVID-19 pour les entreprises](#)

Account Numb	Date Paid	Payment Number	Principal	Interest	Insurance Premium
--------------	-----------	----------------	-----------	----------	-------------------

Insurance Tax	Payment Amount	Type	Description
---------------	----------------	------	-------------

AccountNumber Current Account S Purpose of Loan Reason for Delinq Last Name First Name

Gender Number of C Marital Status Date of Birth SIN Email

Home Phone Ni Cell Number Home Owner(Yi Address Address 2 Postal Province

City

Credit Score TDSR

Total of Trade Total number Any Collateral(i.e.Car,boat etc.)?

Collateral \$ an Emergancy Con: Emergancy Con: Emergancy Contact Phone number

Emergency Contact Email	Employer Name	Annual Income	Position	Industry	Occupation
-------------------------	---------------	---------------	----------	----------	------------

Employment Status Employer Phone number Supervisor Name

Supervisor Phone Number

Payment Frequency Payment Method Financial Institution Name Financial Institution Number

ABANumber

Bank Account Nur Branch Address Bank Tranist Numk

Funded Date Maturity Date Principal & Interest Insurance Premium Insurance Tax Amc

Scheduled Paymer Term of Loan (Months) Terms left on Loan (N First Payment Date

Last Payment Date APR

Interest Note Rate

Total cost of Borrowi

Total Obligation \$ Ar OriginalBalance Current Principal Balance CurrentPrincipalAmount

CurrentInterestAmount

TotalPrincipalPaid

TotalInterestPaid

TotalPastDueLateCharges	InterestAccruedThruDate	NextInterestPaymentDate	Number of payments Paid
-------------------------	-------------------------	-------------------------	----------------------------------

Number of Payments Remaining	Portfolio Type(Credit Bureau)	AccountType(Credit Bureau)	ECOACode(Cr edit Bureau)	AccountSt atus(Credi t Bureau)	Payment History Override (Credit Bureau)
---------------------------------------	-------------------------------------	-----------------------------------	-----------------------------	--------------------------------------	------------------------------------------------------

|

Number of missed payments Date of First NSF

Date of Last NSF NSF \$ Amount

Number of NSF Pa Amount of last payemnt Co-applicant first name Co-applicant last name

Co-applicant address Co-applicant contact number Co-applicant Email

Co-applicant Gender

Co-applicant Date of Birth

Co-applicant SIN

Co-applicant Address

Co-applicant Co-applicant Province

Co-applicant Co-applicant

Co-applicant Co-applicant Co-applican Co-applicant Co-applicant Co-applicant Co-applicant

: Branch Address