



Form 109 (Rule 22-2(2) and (7))

This is the 1st Affidavit
of Sarah Curran in this case
and was made on 01/Dec/2020

NO. S209798
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, Sarah Curran, Legal Administrative Assistant of the 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1, AFFIRM:

1. I am a legal administrative assistant with the law firm, Clark Wilson LLP, counsel for the applicant, David Hardy (the "**Applicant**"), and as such I have personal knowledge of the facts and matters deposed to herein except where stated to be based upon information and belief, and where so stated I verily believe the same to be true.
2. Attached as Exhibit "A" to my affidavit is a document entitled "Questions/Inquires/Statements and Replies Compiled from Bondholder Replies".
3. Attached to my affidavit as Exhibit "B" is the correspondence between one of the Bondholders from the class of creditors referred to as the Bondholder Class in the Meeting Order made on November 16, 2020 whose name is redacted from the correspondence, and the Monitor.
4. Attached as Exhibit "C" to my affidavit is the letter sent by Christopher Ramsay, lawyer for the Applicant, to Kibben Jackson, lawyer for the Monitor, dated December 1, 2020.

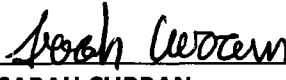
5. I swear this affidavit in support of the Applicant's application to adjourn the meeting of the creditors.

AFFIRMED BEFORE ME
at Vancouver, BC
on 01/Dec/2020



Nicholas Carlson
A Commissioner for taking Affidavits within
British Columbia

)
)
)
)
)
)
)
)
)
)
)



SARAH CURRAN

This is Exhibit "A" referred to in the affidavit of

Sarah Curran sworn (or affirmed)

before me on 01 /Dec/2020 (dd/mmm/yyyy)

Nicholas Carlson 

A Commissioner for taking Affidavits
within British Columbia

Questions/Inquires/Statements and Replies Compiled from Bondholder Replies

I will not elect to get 35%...I want a note stating I want my full amount including interest. I believe some people can elect to get 35% but, we can still get our full amount.

I have not done any investigation besides reading the filings. I have not sought any legal advice and it would not make sense to do so given the small size of my claim but I would be interested in participating in group representation if something is being put together by somebody else.

Monitor's report does mention that two parties expressed interest in purchasing the company's assets before the CCAA process was initiated, but that they ended up not offering, and the identities of those parties was not disclosed.

As options are presented, it would really help to know the thoughts of others in the same position as us. As I went through the first proposal, it's become obvious that all parties have legal representation except for us bondholders. I commend you for taking the action of unifying the bondholders so that we can take steps to have legal representation so that we may receive the monies owed to us.

Absolutely, we are shocked, worried and want and need our investment back. The 2 options offered at this time, are unfair, and unacceptable, especially the 35%. The response they want is definitely rushed, and it would be important to know why. We have not contacted a lawyer (only received our options late last night!) We more than probably need one, worried to put even more money into it, however 🤔. We feel option 2 would be more agreeable if there was some incentive for the new company to pay us back sooner, such as prime plus 2 or 3 points in year 3, 4, and 5 to motivate them. Also, some guarantees we would actually get our money back at the end of that time, or a backup plan if they run into trouble again.

This is definitely moving quickly, and there is lots of legal speak in the documents that I don't understand! My understanding of the initial offer was a payout of our principal and interest earned to the end of September, which I personally would be happy with and just move on from there! The other option was an initial payment of 35% and then who knows what from there! This is my understanding. It sounds like there is another investor looking to buy out the whole operation and a better offer might be coming.

If using a lawyer resulted in an increase what our offer would be, I would be in favor. One thing I have learned from experience is that using a lawyer may not always result in a better offer.

My wife and I are retired, and have just taken a big hit on our retirement income, we can't afford a lawyer, but might be able to contribute towards one.

I have not consulted a lawyer but feel that you are right and perhaps there is nobody looking out for us and we should have representation.

A shared lawyer with some experience in the field sounds good. I have not received any council.

Have concerns about getting lawyers involved...wondering if any monetary gains would be balanced out by lawyer and court costs. I guess this would depend on the number of bond holders involved

Some concerns are: 1. Is it not a conflict of interest that Mr. Slee is the current CEO and then the purchaser? 2. Why no formal SISP? To see if there are any other bids? I think the sale should be postponed until the Spring. 3. I think bond holders should be receiving some type of interest. This is a complex business model, with lots of moving parts. I am trying to figure out how much ACF is purchasing the company for? Some of the debt?

After an hour of reading through the jargon, I interpret that we bond holders have only 2 options. Option 1. We can request redemption of 35% of our principal investment by December 2/2020 (35 cents on the dollar invested) paid out in early 2021. Option 2. We can have our full principal investment redeemed over 5 years based on installments indicated in the snip below. (I can't discern if there is interest paid on this, so likely not?). I'm sure there's many other option configurations that can be pursued but consider the logistics, time/delays and perhaps legal costs to do so. Heck it's hard enough to get 2 people to agree on something let alone dozens of bond holders. As a minimum, I wish at least they could add some qualifiers to the 5-year plan such as some % of interest paid on our principal and earlier or higher payouts based on their income but they likely would want lower or delayed payouts based on income as well. They win for them is if they could sweeten the 5 year plan a bit more, it could save them 12% interest on a rush of bondholder 35% redemptions.

Start a Facebook group to all chat? I have a very little experience with supervised restructuring but in my opinion, those who benefitted from this investment of ours should be taking the lead here with better communication to all of us.


Would very much like to hear if any of the other bondholders have or are retaining council. I would be interested in getting involved if we could get council to represent all or most of us

We are also surprised by the speed this is happening and share your view that the offers are not in our favour. We would definitely be willing to consider independent legal advice. What \$ figure did you have in mind? How many participants have raised their hand so far? Last but not least, given the time line is it practical to get said legal advice in time?

This is Exhibit "B" referred to in the affidavit of

Sarah Curran sworn (or affirmed)

before me on 01 /Dec/2020 (dd/mmm/yyyy)

 Nicholas Carlson

A Commissioner for taking Affidavits
within British Columbia

Questions Asked to BDO and the Reply from Ilya

Dear Sir

Hello my name is _____ and I am writing in regards to the current situation of Progressa Bond Holders. I have a few questions as well as comments that I would like you to answer if you can

It states the terms in the last court documents received that we would be offered (1) 35 percent of our amount owed, or (2) retain a Bondholder Note that would be payable in 5 years from the distribution date. As well it also states that quarterly payments would be paid out over five years from the distribution date. This is very confusing and it says two different things to me.

I am also wondering why this is the chosen offer and if any others were or will be considered?

The timeline given in the proposal seems to be very quick and not giving us much time to digest and figure out. Is there a reason for this?

A few questions

- 1) **RRSP** I took out a \$200,000.00 RRSP. My RRSP is sitting at \$376,126.56. If I were to take the 35 percent payout my RRSP would only be worth \$131,644.30. Can you please explain how this would play out with the CRA?
- 2) **TFSA** As per above example I have multiple TFSA bonds. Can you tell me how this scenario will play out
- 3) **Cash** I have been claiming the interest on the full amount compounded yearly as income. How will that payout with CRA. I will be in a loss situation on all transactions and I do not know how this works

Hello

I'd be happy to have a call to discuss questions you may have, however on a high level, I am not a tax expert and cannot give advice with respect to personal tax implications. It is recommended that you seek your own tax advice from your advisors.

The timelines as outlined in the order are subject to the approval of the court on the 16th, at which point if approved by the Court, they will be implemented. The offer being presented is the one that is currently available but of course, if something better were to come along prior to finalization, it is likely that the Company and the Court would consider it.


With respect to the options, the way that the Plan is formatted at this stage, bondholders effectively have a choice:

- 1) They get a guaranteed 35% of their claim upon approval/implementation of the plan;
- 2) They choose to receive a note with payment of 100% of their claim over the 5 years. This effectively becomes a new investment and like any investment this of course carries some degree of risk, if future economic circumstances in some way prevent the Company from being able to perform the terms of the Note.

This is Exhibit "C" referred to in the affidavit of

Sarah Curran sworn (or affirmed)

before me on 01 /Dec/2020 (dd/mmm/yyyy)

Nicholas Carlson 

A Commissioner for taking Affidavits
within British Columbia

December 1, 2020

VIA EMAIL: KJACKSON@FASKEN.COM

Fasken Martineau DuMoulin LLP
2900 – 550 Burrard Street
Vancouver, BC V6C 0A3

Attention: Kibben Jackson

Dear Sir,

**Re: Creditloans Canada Financing Inc. and Creditloans Canada Capital
Inc. (“Creditloans”) CCAA proceedings
SCBC Action No. S209798**

We write further to our email correspondence of yesterday in regards to the above noted matter.

We have been retained by David Hardy who invested \$150,000 in Creditloans as a bondholder. Mr. Hardy received by courier yesterday the CCAA materials required to vote at the creditors meeting which is currently scheduled on December 3rd, 2020. Mr. Hardy is a longshoreman and works night shifts, and accordingly has had little opportunity to take advice in relation to this matter. He is extremely concerned about his investment and believes that more time is required to evaluate his options. He feels that the bondholders as a group are being railroaded by the fast track nature of these proceedings. He also has confirmed that there are a large number of bondholders who are similarly concerned about their investment and require time to evaluate options going forward. This is particularly so in circumstances where there appears to be an alternative transaction that would pay the bondholders more than that is contemplated by the existing offer.

We have been copied with correspondence between your office and Weisz, Fell Kour LLP (“WFL”) and they have raised legitimate issues that require addressing, including the subordination of the Noteholders security to a related company controlled by a director of Creditloans. In your letter of November 27, 2020, you stated that the monitor was in the process of providing an opinion with respect to this reviewable transaction and that the Monitor expects to circulate its report by Monday, November 30, 2020. As of this afternoon, no report has been provided. Circulating the report on the eve of the creditors meeting does not allow sufficient time for the creditors to evaluate the report and determine whether further action or investigation should be taken or not.

We have requested Creditloans to adjourn the creditors meeting on the basis that the alternative transaction put forward by WFL should be considered. For Mr. Hardy himself (and the bondholder group as a whole), a revised offer that increases a payout is meaningful and should accord with the principles of the CCAA that looks to maximize return to the stakeholders. This is particularly so where there was no formal sales process and the Monitor itself in its 4th Report concludes that it cannot say with certainty that the restructuring transaction contemplated in the Plan represents the best possible

exit from the CCAA proceedings. We understand that there has been a request to adjourn the creditors meeting by ten (10) days. This is a reasonable request and there is no prejudice to Creditloans in the circumstances.

Accordingly, we have been instructed to bring an application tomorrow before Madam Justice Fitzpatrick for an order to adjourn the creditors meeting. We are not in a position to obtain an affidavit from our client due to the fact that Mr. Hardy is not computer literate, and due to Covid-19 we are unable to meet him in Port Coquitlam to have an affidavit sworn. We will be filing a legal assistant's affidavit which attaches this letter and email correspondence between bondholders that demonstrate the concern the bondholders have over how this process is unfolding.

Yours truly,

CLARK WILSON LLP

Per: 

Christopher J. Ramsay

CJR/ylc