



This is the 3<sup>rd</sup> Affidavit  
of Nathan Slee in this case and was  
made on October 9, 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, Nathan Slee, of 2000 – 1500 West Georgia Street, at the City of Vancouver, in  
the Province of British Columbia, AFFIRM THAT:

1. I am the chief executive officer of Creditloans Canada Financing Inc. dba Progressa ("**Financing Inc.**" or "**Progressa**"), 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 Progressa and Creditloans Canada Capital Inc. ("**Capital Inc.**" and together with Progressa, the "**Petitioners**").
3. This affidavit is sworn in support of an application by the Petitioners for an order declaring Lendesk Technologies ULC ("**Lendesk**") to be a critical supplier to Progressa pursuant to section 11.4 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**").
4. Capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Petition filed September 30, 2020 (the "**Petition**"), a copy of which is available at the Monitor's website at: <https://www.bdo.ca/en-ca/extranets/creditloans/>.
5. As detailed in the Petition, Progressa is a financial technology company primarily engaged in originating and servicing consumer loans to individuals unable to secure loans from

traditional lenders. Progressa funds the loans it originates by entering into Loan Purchase Agreements with certain Loan Funders. Progressa services the loans in accordance with the Loan Purchase Agreements between Progressa and the applicable Loan Funder.

6. Since at least 2015, Progressa has utilized certain Customer Relationship Management (or "**CRM**") software provided by Lendesk in its operations. Attached hereto as **Exhibit "A"** is a copy of a Lendesk Team Originator Order Form dated July 5, 2017 (the "**Order Form**") which amends a previous Lendesk Team Originator Order Form and Lendesk Subscription Agreement dated August 28, 2015 (the "**Lendesk Agreement**"). Progressa's management have been unable to locate a copy of the Lendesk Agreement at this time. According to the Order Form, the Lendesk Agreement would have been executed prior to Progressa's current management being involved in the operations of Progressa.

7. The Lendesk CRM software used by Financing Inc. houses all of Progressa's loan applications, facilitates online access to Trans Union credit reports (which are critical to Progressa's underwriting criteria), manages email communications with borrowers, receives and stores loan application documentation (i.e., bank statements, copies of photo identification, pay stubs, etc.) and manages loan agreements. The Lendesk platform is also integrated with Progressa's loan funding software. As such, the Lendesk CRM software it is critical to Progressa's ongoing operations as these services are essential to the origination of new loans and the servicing of existing loans.

8. In or around November of 2019, Progressa made the decision to transfer to an alternative CRM system provided by Salesforce.com, Inc. ("**Salesforce**"). Progressa made this decision because Salesforce offers a more mature CRM platform, with a richer set of features that Progressa's management felt would provide better scalability and function than what was available from Lendesk's platform.

9. On December 23, 2019, Progressa gave six months' notice to Lendesk of Progressa's intention to terminate the CRM Contract, to be effective June 2020. At the time notice was given, it was expected that the migration to the Salesforce platform would take approximately four months. Attached hereto as **Exhibit "B"** is a copy of an email exchange from December 23, 2019 to January 1, 2020 between myself and Kiya Hushyar (Progressa's CFO) with Lendesk's CEO Alex Conconi and other members of Lendesk's management, Hashem Aboulhosn and Lee Noble.

10. Engaging a consulting company to assist with a transition to Salesforce's CRM system is a common industry practice. Due to the cash flow limitations it was facing, Progressa hired a less experienced consulting firm to assist it with the transition to Salesforce's CRM system. Unfortunately, the time estimates provided by the consulting firm for that transition proved to be unrealistic and the date for the migration has repeatedly been pushed back. In April 2020, Progressa requested that termination of its access to the Lendesk software be delayed until July 2020. Lendesk agreed to this extension.

11. In August 2020, Progressa hired an internal Salesforce Administrator to further assist with completing the transition to Salesforce. On or about August 3, 2020, a further delay until September 2020 was sought, and again Lendesk agreed to this extension.

12. On September 30, 2020, Lendesk agreed to a final extension until December 1, 2020.

13. Progressa's migration to the Salesforce CRM platform is approximately 80% complete. I understand from our Salesforce Administrator that that migration can be completed by the end of 2020.

14. Progressa cannot transition from the Lendesk platform to another CRM provider earlier than the end of 2020. The transition to Salesforce has already taken nine months and is not yet complete. The integration between Progressa's loan funding software and the Lendesk platform is complex and would be very challenging to replace. The integrated systems include, but are not limited to, stored loan application data (including credit bureau and bank statements, identification documents and paystubs), email communication with consumer borrowers and the generation of loan agreements. Each of these components is a significant piece of functionality.

15. On September 30, 2020, the Petitioners' application for an initial order (the "**Initial Order**") pursuant to the CCAA was granted by Madam Justice Fitzpatrick. Amongst other things, the Initial Order states all Persons having oral or written agreements with the Petitioners for the supply of services, including all computer software, communication and other data services, are restrained until further order of the Court from discontinuing, alternating, interfering with, or terminating the supply of such goods or services as may be required by the Petitioners.

16. On October 2, 2020, Madam Justice Fitzpatrick granted an amended and restated initial order (the "**ARIO**").

17. On October 2, 2020, after the ARIO was granted, I spoke with Lendesk's CEO, Alex Conconi by telephone. During this discussion, Mr. Conconi threatened to revoke Progressa's access to the Lendesk system if Progressa did not immediately pay outstanding invoices due to Lendesk.


18. Attached hereto as **Exhibit "C"** are copies of the outstanding invoices issued by Progressa to Lendesk for services rendered prior to the date of the Initial Order.

19. Attached hereto as **Exhibit "D"** is a copy of an email exchange between myself and Mr. Conconi dated October 8, 2020. In his email to me on October 8, 2020 at 9:29 p.m., Mr. Conconi demanded that Progressa immediately pay Lendesk the amount of \$54,029.44, being the outstanding September 2020 invoice as well as an up-front deposit equal to \$15,000 per month for the months of October, November and December 2020. If such payment is not made by 5:00 p.m. Vancouver time on October 9, 2020, then Lendesk will immediately suspend all of Progressa's user access for the CRM system, which will prevent Progressa's staff from accessing the Lendesk CRM system, until such time as Lendesk was able to confirm that payment had reached its bank account.

20. Progressa relies the integration between its loan funding system and Lendesk's CRM system. Any disruption in services from Lendesk would render Progressa unable to effectively originate new loans and service existing loans and ultimately result in Progressa being required to cease or significantly reduce its operations.

21. The Petitioners will be seeking an order declaring Lendesk to be a critical supplier to Progressa at the hearing in this proceeding scheduled for Friday, October 9, 2020 at 10 a.m.

AFFIRMED BEFORE ME at the City of )  
Vancouver, in the Province of British )  
Columbia, this 9<sup>th</sup> day of October 2020. )

  
\_\_\_\_\_  
A Commissioner for taking Affidavits for )  
British Columbia )

  
\_\_\_\_\_  
**NATHAN SLEE**

H. LANCE WILLIAMS  
*Barrister & Solicitor*  
Cassels Brock and Blackwell LLP  
#2200 - 885 West Georgia Street  
Vancouver, B.C. V6C 3E8  
Phone: (604) 691-6112

This is **Exhibit "A"** referred to in the Affidavit of **Nathan Slee**, sworn before me at Vancouver, British Columbia, on October 9, 2020.

A handwritten signature in black ink, appearing to be the name of the Commissioner, written in a cursive style.

A Commissioner for taking Affidavits for British Columbia

## **LENDESK TEAM ORIGINATOR ORDER FORM**

This Order Form amends the previously executed Lendesk Team Originator Order Form and related Lendesk Subscription Agreement dated August 28, 2015 (the "**Existing Agreement**") between Creditloans Canada Financing Inc. (the "**Client**") and Lendesk Technologies Ltd. ("**Lendesk**").

All capitalized terms used but not defined in this Order Form shall have the meanings given to such terms in the Lendesk Subscription Agreement. The terms of this Order Form shall prevail to the extent of any inconsistency with any previously executed Order Form. Nothing in this Order Form shall be read as amending or modifying the Lendesk Subscription Agreement that formed part of the Existing Agreement.

### **TERM**

The term of this Order Form will have an effective commencement date of June 1, 2017 and will continue until June 1, 2020. After June 1, 2020, this Order Form and the Lendesk Subscription Agreement shall continue in force until the date that the obligations under this Order Form and the Lendesk Subscription Agreement have been terminated by either party.

### **TERMINATION**

The Client may terminate its obligations under this Order Form and the Lendesk Subscription Agreement by providing one hundred and eighty (180) days' written notice to Lendesk (the "**Termination Notice Period**"), provided that if the Termination Notice Period ends before the end of the Term, the Client shall pay an early termination fee equal to 50% of the Fee payable for the remainder of the Term. Any portion of the early termination fee that cannot be reasonably calculated in advance will be payable in arrears, in accordance with the Payment Terms of this agreement.

### **FEES**

Effective April 1, 2017, fees are payable on a "Per User" and "Per Funded Loan" basis, as follows:

#### *Per User*

- The Client shall pay Lendesk \$49.00/month for each active User, defined as a User who's account has not been suspended or disabled.
- The Per User Fee shall be calculated and invoiced at the end of each month by Lendesk.

#### *Per Funded Loan*

- The Client shall pay Lendesk a Per Funded Loan Fee equal to:
  - (a) \$24.00 per funded loan for the first 500 funded loans, \$18.50 per funded loan between 501 and 1,000 funded loans, and \$13.50 per funded loan thereafter, for funded loans entered by the Client in any given month; and

(b) \$65 per each funded loan sourced through the Lendesk Network (an upcoming feature on the Product).

For clarity, the number of funded loans in a given month used to calculate the Per Funded Loan Fee under the pay schedule in subsection (a) shall reset on the first day of each calendar month.

- No later than five (5) business days after the end of the month, the Client shall report to Lendesk the aggregate funded loans for the prior month. Upon receipt of this information, Lendesk will calculate the fees payable and issue an invoice to the Client. If the Client does not report on time, Lendesk will estimate the number aggregate funded loans for the purpose of preparing an invoice, and the estimate shall be accepted by all parties as valid until such time as the Client presents evidence otherwise.

Notwithstanding the foregoing, the Client shall pay a minimum of \$13,000 in aggregate Per User and Per Funded Loan fees in each month, regardless of how many Users use the Product in that month and/or how many funded loans the Client has made in that month.

Where fees have been paid under the previous Fee structure for the period since April 1, 2017, Lendesk will provide a credit on the next invoice such that the foregoing "Per User" and "Per Funded Loan" fees will take retroactive effect to April 1, 2017.

The foregoing Fees do not include fees for Professional Services.

#### **PROFESSIONAL SERVICES**

Lendesk agrees to provide Professional Services (the "**Included Professional Services**") to the Client, without additional charge, to add the following features to the Product:

- Ability to generate and send signature requests via API
- Ability to prioritize applications by borrower availability by filtering the applications list by preferred call time
- Ability to make a note "sticky " to ensure that important information contained in notes is surfaced to the top of the list

Lendesk will dedicate 160 hours of Professional Services time at no additional charge, to add the following features to the Product:

- Automated e-mails to various stakeholders
- Display the last time a borrower was contacted in applications list
- Productivity dashboard enhancements

Any further hours or projects of Professional Services will be billed at a Lendesk's prevailing market rate.

Credit for the Included Professional Services is non-transferable and non-redeemable should this Order Form and/or the Lendesk Subscription Agreement be terminated prior to the delivery of the Included Professional Services.

**PAYMENT TERMS**

Payment will be withdrawn by Lendesk by way of Pre-authorized Debit directly from the Client's bank account within fifteen (15) Business Days of delivery of an invoice.

Late payments shall be charged daily interest at a rate equivalent to 2% per month compounded monthly (equivalent to 26.82% per year).

**IN WITNESS WHEREOF** Lendesk and the Client have executed this Order Form as of  
7/5/2017 \_\_\_\_\_, 2017.

**LENDESK TECHNOLOGIES LTD.**

Per: \_\_\_\_\_  
Authorized Signatory

**CREDITLOANS CANADA FINANCING  
INC.**

Per: DocuSigned by:  
*Ali Pourdad* \_\_\_\_\_  
Authorized Signatory



This is **Exhibit "B"** referred to in the Affidavit of **Nathan Slee**, sworn before me at Vancouver, British Columbia, on October 9, 2020.



A Commissioner for taking Affidavits for British Columbia

# Lendesk Cancellation

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From: **Nathan Slee** | nathan.slee@progressa.com

Monday, Dec 23, 2019, 10:33 AM

To: **Alex Conconi** | alex@conconi.ca, **Hash** | hash@conconi.ca

Cc: **Kiya Hushyar** | kiya.hushyar@progressa.com

Hi guys,

Dave reached out to Hash last week so hopefully this is not coming out of the blue.

I understand from our agreement that we have to give 6 months notice if we wish to cancel our Lendesk licenses and I am writing to formally provide that notice.

I would like to acknowledge the long-standing relationship here. I was there at the beginning and likely have one of the first Progressa user accounts in Lendesk, so I truly appreciate the history of this relationship. While Lendesk has been instrumental in getting Progressa to the point where we are today, the time has come for us to make a move and graduate to Salesforce. The platform is incredibly mature and comes with a whole host of features that will help us move the needle on efficiency on several different fronts. I am happy to talk more about our decision if it is of interest to you, but bottom line is that we have to make that move in order to achieve our goals for 2020 and beyond.

I will keep you guys posted as our Salesforce project begins to ramp up. There may be a few times in the process where we will need to get your help with migration. My hope is that our asks on that front will be light, but we will have to see how that plays out.

Finally, we will have to pay for both Salesforce and Lendesk concurrently beginning in January. I anticipate it will take us four months to get fully off of Lendesk. We will need to allow for a lot of variance there, of course, but in the event that we do hit that target, I will be reaching out to ask if you can provide some leeway in the cancellation period. Our goal, of course, would be to avoid paying for months when we are not using Lendesk at all. I don't want to dwell on that point too much yet. The inverse could be true that we take longer than six months to get off of Lendesk and I have to ask you for more time. We can discuss this point at a later date. I just wanted to plant the seed. As you know all too well, keeping costs down right now is paramount.

I will provide updates on our migration as I get them.

Happy Holidays!

-Nathan

**NATHAN SLEE**

CEO

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**T** 778-840-3505  
**W** progressa.com  
**O** 2000 - 1500 W. Georgia Street, Vancouver, BC V6G 2Z6  
**C** [calendly.com/nathanslee](http://calendly.com/nathanslee)



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## **NATHAN SLEE**

CEO

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**T** 778-840-3505  
**W** progressa.com  
**O** 2000 - 1500 W. Georgia Street, Vancouver, BC V6G 2Z6  
**C** [calendly.com/nathanslee](http://calendly.com/nathanslee)



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From: **Alex Conconi** | [alex.conconi@lendsk.com](mailto:alex.conconi@lendsk.com)

Wednesday, Jan 1, 1:47 PM

To: **Nathan Slee** | [nathan.slee@progressa.com](mailto:nathan.slee@progressa.com)

Cc: **Hashem Aboulhosn** | [hash@conconi.ca](mailto:hash@conconi.ca), **Kiya Hushyar** | [kiya.hushyar@progressa.com](mailto:kiya.hushyar@progressa.com), **Lee Noble** | [lee.noble@lendsk.com](mailto:lee.noble@lendsk.com)

Very sorry to hear that, Nathan.

We have appreciated our partnership with Progressa over the years and are sorry to see you go.

Our current contract has a term ending June 1, 2020, after which agreement is said to continue until it is terminated by either party. The termination provision calls for a notice period of 180 days (approximately 6 months) which from the date of your notice below takes us to June 20, 2020.

If I understand you correctly, by your estimation, it seems you believe you may not need access to Lendesk beyond some date in April, 2020, and anticipate you may wish to stop paying for your use of the system approximately 1-2 months early.

Unfortunately we are not authorized to make any decision to allow Progressa to not pay for the remaining term, and so will need to raise this issue with our board. In the meantime, please anticipate paying for the full term to June 20, 2020.

If Progressa would like to use Lendesk for some partial period beyond the end of our term, Lendesk would be open to facilitating that.

Best regards,

**Alex Conconi**

Founder & CEO

**T** 800 853 5979 **x101** **C** 604 354 1354 **F** What's Fax?

**LENDESK**

This message and any attachments are intended only for the use of the person or entity addressed to above, and may contain information that is confidential or legally privileged. If you are not the intended recipient or the employee or agent of the intended recipient responsible for the delivery of this information, you are hereby notified that the disclosure, copying, use or distribution of this information is strictly prohibited. If you have received this transmission in error, please notify me immediately by telephone or by replying to this e-mail. Thank you

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From: **kiya.hushyar** | kiya.hushyar@progressa.com

Wednesday, Jan 1, 2:31 PM

To: **Nathan Slee** | nathan.slee@progressa.com

Happy New Year. Seems like somethings never change with the new year.

Sent from my Samsung Galaxy smartphone.

From: **Alex Conconi** | alex.conconi@lendesk.com To: **Nathan Slee** | nathan.slee@progressa.com Wednesday, Jan 1, 4:47 PM

Very sorry to hear that, Nathan.

We have appreciated our partnership with Progressa over the years and are sorry to see you go.

Our current contract has a term ending June 1, 2020, after which agreement is said to continue until it is terminated by either party. The termination provision calls for a notice period of 180 days (approximately 6 months) which from the date of your notice below takes us to June 20, 2020.

If I understand you correctly, by your estimation, it seems you believe you may not need access to Lendesk beyond some date in April, 2020, and anticipate you may wish to stop paying for your use of the system approximately 1-2 months early.

Unfortunately we are not authorized to make any decision to allow Progressa to not pay for the remaining term, and so will need to raise this issue with our board. In the meantime, please anticipate paying for the full term to June 20, 2020.

If Progressa would like to use Lendesk for some partial period beyond the end of our term, Lendesk would be open to facilitating that.

Best regards,

**Alex Conconi**

Founder & CEO


**T** 800 853 5979 **x101** **C** 604 354 1354 **F** What's Fax?

**LENDESK**

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This is **Exhibit "C"** referred to in the Affidavit of **Nathan Slee**, sworn before me at Vancouver, British Columbia, on October 9, 2020.

A handwritten signature in black ink, appearing to be the name of the Commissioner, written in a cursive style.

A Commissioner for taking Affidavits for British Columbia

# LENDESK

1038 Homer Street  
Vancouver, BC V6B 2W9

AR@lendesk.com

## INVOICE

Date	Invoice Number
07/01/2020	CI-75-00000058
Payment Terms	Due Date
Net 30	07/31/2020
	Customer ID
	C-101126

<b>Bill To:</b>
Credit Loans Canada Financing Inc. 2000 - 1500 W Georgia Street Vancouver, BC V6G 2Z6 Canada

June Activity

**Tax:**

British Columbia Province (PST):	
British Columbia (7%)	\$614.90
GST: Canada (5%)	\$439.21

Item Description	Line Description	Quantity	Price Each	Amount
LOS Software Subscriptions	Active Users: 44 - June	44	\$49.00	\$2,156.00
LOS Software Subscriptions	Funded Loans: Tier 1 - 500 @ \$24.00/loan - June	191	\$24.00	\$4,584.00
Professional Services	Documents sent for signing - eSignatures consumed	821	\$2.49	\$2,044.29

<b>Total Tax:</b>		<b>\$1,054.11</b>
<b>Total Invoice Amount</b>	<b>CAD</b>	<b>\$9,838.40</b>

**Please send checks to:**  
Attn: Accounting  
Lendesk Technologies ULC  
1038 Homer Street  
Vancouver, BC V6B 2W9  
Canada

**ACH Instructions:**  
Bank Name: Bank of America Merrill N.A Canada Branch  
Routing Number: 024156792  
Location: Toronto, ON  
Credit to the account of: Lendesk Technologies ULC - Operating  
Account Number: 55670203

# LENDESK

1038 Homer Street  
Vancouver, BC V6B 2W9

AR@lendesk.com

## INVOICE

Date	Invoice Number
08/01/2020	CI-75-0000079

Payment Terms	Due Date
Net 30	08/31/2020

Customer ID
C-101126

Bill To:
Credit Loans Canada Financing Inc. 2000 - 1500 W Georgia Street Vancouver, BC V6G 2Z6 Canada

July Activity

### Tax:

British Columbia Province (PST):	
British Columbia (7%)	\$488.60
GST: Canada (5%)	\$349.00

Item Description	Line Description	Quantity	Price Each	Amount
LOS Software Subscriptions	Active Users: 44 - July	44	\$49.00	\$2,156.00
LOS Software Subscriptions	Funded Loans: Tier 1 - 500 @ \$24.00/loan - Juli	201	\$24.00	\$4,824.00

<b>Total Tax:</b>		<b>\$837.60</b>
<b>Total Invoice Amount</b>	<b>CAD</b>	<b>\$7,817.60</b>

### Please send checks to:

Attn: Accounting  
Lendesk Technologies ULC  
1038 Homer Street  
Vancouver, BC V6B 2W9  
Canada

### EFT Instructions:

Bank Name: Bank of America Merrill N.A Canada Branch  
Routing Number: 024156792  
Location: Toronto, ON  
Credit to the account of: Lendesk Technologies ULC - Operating  
Account Number: 55670203



# LENDESK

1038 Homer Street  
Vancouver, BC V6B 2W9

AR@lendesk.com

## INVOICE

Date	Invoice Number
09/01/2020	CI-75-00000133

Payment Terms	Due Date
Net 30	10/01/2020

Customer ID
C-101126

Bill To:
Credit Loans Canada Financing Inc. 2000 - 1500 W Georgia Street Vancouver, BC V6G 2Z6 Canada

August Activity

### Tax:

British Columbia Province (PST):	
British Columbia (7%)	\$564.34
GST: Canada (5%)	\$403.10

Item Description	Line Description	Quantity	Price Each	Amount
LOS Software Subscriptions	Active Users: 46 - August	46	\$49.00	\$2,254.00
LOS Software Subscriptions	Funded Loans: Tier 1 - 242 @\$24.00/loan - August	242	\$24.00	\$5,808.00

<b>Total Tax:</b>		<b>\$967.44</b>
<b>Total Invoice Amount</b>	<b>CAD</b>	<b>\$9,029.44</b>

**Please send checks to:**  
Attn: Accounting  
Lendesk Technologies ULC  
1038 Homer Street  
Vancouver, BC V6B 2W9  
Canada

**EFT Instructions:**  
Bank Name: Bank of America Merrill N.A Canada Branch  
Routing Number: 024156792  
Location: Toronto, ON  
Credit to the account of: Lendesk Technologies ULC - Operating  
Account Number: 55670203  
Financial Institution Code: 241  
Transit/Branch number: 56792

This is **Exhibit "D"** referred to in the Affidavit of **Nathan Slee**, sworn before me at Vancouver, British Columbia, on October 9, 2020.



A Commissioner for taking Affidavits for British Columbia

**From:** Alex Conconi <alex.conconi@lendsk.com>

**Date:** Oct 8, 2020, 9:29 PM -0700

**To:** Nathan Slee <nathan.slee@progressa.com>

**Cc:** Kira Draliuk <kira.draliuk@lendsk.com>, Sean Wilson <sean.wilson@lendsk.com>

**Subject:** Re: Lendsk <> Progressa

Nathan Slee,

This is most certainly an unfortunate situation for many people.

We respect the court's jurisdiction and the benefits to various stakeholders of the bankruptcy process (not least of which I assume will be you and your brother in-law, who will be taking the business out of bankruptcy once all people owed like ourselves are removed).

As a stakeholder, we acknowledge that the priority of our unpaid account prior to CCAA (\$17,656) is to be paid out in accordance with the court ordered process, and that it is unlikely that we are to recover anything.

However, please also note that we do not have any obligation to provide Progressa with any further services, as Progressa has already terminated the agreement, and as such we will cease to provide the services per below.

## **Background**

On December 23, 2019, you emailed Lendesk informing us that Progressa was giving 6 months notice to terminate our contract, which would be effective June 20, 2020. Those six months have elapsed. In April you asked to delay to July, and we obliged. Then on July 7, you asked to delay until September.

In response to that request, I let you know (via email and phone conversations) that we had migrated to new hosting infrastructure, and that we needed to turn off your environment, as keeping it on subjects us to additional, incremental costs. The direct/indirect costs of maintaining the environment that Progressa utilizes exceeds our fees (assuming you were to even pay them). Via email I let you know that to continue further we would require a minimum payment of \$10,000 each month just to cover our costs, and even at that it could not go on past September, as it is critical for us that we sunset this infrastructure. You responded that you did not want to commit to a \$10,000 payment, and yet as a courtesy, we still agreed to allow Progressa to continue using the service, without such a minimum payment, until September.

September has now come and gone. On September 30 (before we were aware our prior invoices would be put into question due to CCAA) we communicated to you a final termination date of Dec 1. This courtesy communication was made without any consideration paid by Progressa, and we have no obligation to honour it. Given your delinquency under our existing month-to-month arrangement, and the fact that we are not critical service providers. However, despite this, we intend to make yet another, final courtesy, and honour this date, on the following conditions:

## **Demand for Payment and Deposit**

We demand immediate payment of the outstanding invoice that was tendered after the CCAA notice (\$9,029.44), and an up-front deposit equal to \$15,000 for each month of service until December 1 that has not yet been invoiced (a total of \$45,000 for September, October, November). Total payment required is \$54,029.44 (the "Incremental Services Payment").

For the remainder of the service period, Lendesk will continue to calculate the amount owed in arrears, and invoice using the current process. However, we will offset invoices against the credit Progressa will have on

file. By January 15, 2021, Lendesk will determine the extent to which there is any credit or deficit on Progressa's account, and will refund or invoice for the difference.

If the Incremental Services Payment has not been made by 5PM PST on October 9, by wire transfer or equivalent, then we will suspend all user IDs on our system until we are able to validate that the payment has entered our bank account.

If the Incremental Services Payment has still not been made by October 31, we will start to disassemble the technical infrastructure required for our delivery of the services. We will not be able to turn you back on after this date.

While Progressa's bankruptcy is unfortunate, we believe we have made and continue to make significant concessions at our cost for Progressa and you and your family's benefit. We have reviewed the case law and are confident in our position.

Respectfully,

—  
Alex Conconi  
CEO  
**LENDESK**

On Oct 8, 2020, at 2:47 PM, Nathan Slee <nathan.slee@progressa.com> wrote:

Alex,

After our last conversation, I have sought additional advice on options available to compensate Lendesk for the overdue amounts that are included in the list of unsecured creditors in the Progressa CCAA proceeding. Normally I prefer to discuss these things over the phone or in person, but in light of our phone conversation on October 2nd, I would like to update you via email.

When we spoke on October 2nd, you threatened to turn off Progressa's access to Lendesk if Lendesk's overdue bills were not paid immediately, regardless of any court proceedings and the protections that the court mandates for companies going through CCAA. Given how intimately dependent we are on Lendesk for our day-to-day operations, I was willing to explore any avenue available to us to avoid disruption to Progressa's business. However, having consulted with both counsel and key leaders within Progressa, it has become clear to me that there is no path to payment of Lendesk's overdue amounts in the short term, that would not put myself, the company and the CCAA process at considerable risk. The whole purpose of the CCAA process is to stop creditors seeking to position themselves ahead of others, and allow companies facing financial challenges the breathing room to restructure their affairs for the benefit of all stakeholders. I'm told by Progressa's lawyers that the court looks very unfavourably on creditors that act in defiance of its orders.

Any threat to the go forward viability of Progressa or the integrity of the CCAA proceeding risks diminishing the return available for bondholders and other creditors through this process and will be looked upon in that light by the courts. It is incredibly unfortunate for the \$14 million+ of Progressa shareholders that this process is unlikely to result in any value being available for them. It is also incredibly unfortunate for the \$1.1 million+ of unsecured creditors who are unlikely to receive full value for their outstanding debts. Myself, Kiya and the entire remaining team at Progressa have poured a year of our life into trying to avoid this outcome and keep all of the stakeholders we inherited whole. As I said in my letter to shareholders, we came incredibly close, but could not push through the headwinds of a global pandemic.

The ability to use a process like CCAA to restructure a company and make it viable again to the benefit of its employees, stakeholders and the market is an important part of our economic system. This is the tool that is

required, in Progressa's case, to keep 60+ jobs and keep an important competitor alive and viable in a market that Canadians will need more than ever in the months ahead. While I know it is personally disappointing for you that Progressa is in this situation, I encourage you to respect the court process that is in place for situations exactly like this.

If you would like to discuss further Lendesk's overdue amounts, it should be done through the court appointed monitor, BDO, or our counsel.

Regards,  
Nathan

## **NATHAN SLEE**

CEO

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