



No. S-248103  
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

AND

IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FELIX  
PAYMENT SYSTEMS LTD.

PETITIONER

**APPLICATION RESPONSE**

**Application response of:** CA Mordy Legacy Trust, Jake Boxer and PEL Chartered Professional Accountants (collectively, the "**Application Respondents**")

THIS IS A RESPONSE TO the Notice of Application of Stephen Hall, SR Hall Management, BBSG Hall Investments, LLC, Ripcord Capital LLC, and DapIt NA, LLC (collectively, the "**Applicants**") filed February 14, 2025.

The Application Respondents estimate that the application will take 30 minutes.

**Part 1: ORDERS CONSENTED TO**

The Application Respondents consent to the granting of the orders set out in NONE of the paragraphs of Part 1 of the Notice of Application.

**Part 2: ORDERS OPPOSED**

The Application Respondents oppose the granting of the orders set out in paragraph 1 of Part 1 of the Notice of Application.

**Part 3: ORDERS ON WHICH NO POSITION IS TAKEN**

The Application Respondents take no position on the granting of the orders set out in NONE of the paragraphs of Part 1 of the Notice of Application.

## **Part 4: FACTUAL BASIS**

### **THE INITIAL ORDER**

1. On November 25, 2024, Felix Payment Systems Ltd. (“**Felix**” or the “**Petitioner**”) was granted an initial order (the “**Initial Order**”) of the British Columbia Supreme Court (the “**Court**”) granting, among other things, certain protections to Felix from its creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).
2. As approved by the Initial Order, Jake Boxer, CA Mordy Legacy Trust, and PEL Chartered Professional Accountants Inc. (in such capacity, collectively, the “**DIP Lender**”) agreed to act as DIP Lender and provide interim financing to Felix during the *CCAA* proceedings.
3. The Initial Order also provided Felix with an initial stay of proceedings until December 6, 2024 (the “**Stay Period**”) and Alvarez & Masal Canada was appointed as Monitor (the “**Monitor**”) in the *CCAA* proceedings.
4. On December 6, 2024, the Court granted an amended and restated initial order which, among other things, amended and restated the Initial Order to extend the Stay Period through to February 28, 2025.

### **SISP AND STALKING HORSE BID**

5. On December 9, 2024, the Court granted an order that, among other things: (i) approved a sale and investment solicitation process (the “**SISP**”); and (ii) approved and accepted solely for the purposes of conducting a SISP, a Stalking Horse Subscription Agreement dated December 3, 2024 (the “**Stalking Horse Bid**”) between Felix, as vendor, and the DIP Lender, as stalking horse bidders.
6. The SISP provided for the following key dates as part of the bidding procedures:
  - (a) On December 13, 2024, the Monitor is to commence solicitation of interest from the parties.
  - (b) By January 31, 2025 by 5:00pm PST, a Potential Bidder (as defined in the SISP) desiring to make a bid is to deliver written copies of its bid and the

Required Bid Terms and Materials (as defined in the SISP) to the Monitor (the “**Bid Deadline**”).

- (c) On February 4, 2025, if no Qualified Bids (as defined in the SISP) are received by the Monitor by the Bid Deadline, the Stalking Horse Bid will be selected as the Successful Bid (as defined in the SISP).

7. Following the Bid Deadline, the Monitor received two (2) bids in addition to the Stalking Horse Bid, one being from the Applicants (the “**Dapit Bid**”).

8. The Monitor found that the Dapit Bid did not comply with the Required Bid Terms and Materials as its US\$300,000 deposit did not meet the 10% requirement in the SISP and also imposed additional conditions precedent that would require further due diligence and increased the risk of the transaction not closing.

9. Despite the Dapit Bid’s non-compliance, the Monitor determined it would be appropriate to grant an extension of the Bid Deadline until February 5, 2025 to allow the two bidders (one being the Dapit Bid) to bring their bids into compliance with the SISP requirements to be a Qualified Bid.

10. On February 5, 2025, the Monitor received additional information supporting the Dapit Bid, including further revisions to the proposed subscription agreement and evidence of alleged financing in the form of a redacted financing agreement back by security in a ruby.

11. On February 8, 2025, the Monitor determined that this additional information did not qualify the Dapit Bid as a Qualified Bid, and as a result, the Stalking Horse Subscription Agreement became the Successful Bid.

## **THE APPLICANTS’ APPLICATION**

12. On February 24, 2025, the Petitioner served an application with this Court seeking an approval and reverse vesting order (the “**Approval and Reverse Vesting Order**”) to be filed and heard on February 28, 2025, the same date as the Applicants’ application. The Approval and Reverse Vesting Order will, among other things, vest out of Felix certain excluded assets, excluded contracts and excluded liabilities, which shall be vested in a new subsidiary of Felix to be incorporated (“**ResidualCo**”).

13. The Applicants state in paragraph 4 of their Notice of Application filed February 14, 2025, that they intend to obtain judgment against Felix so that they are in a position to include a credit bid as part of their participation in the SISP. However, the Bid Deadline has passed, the SISP has closed, and no further bids can be considered. As such, the Applicants are no longer in a position to participate in the SISP.

14. Furthermore, the Monitor has not yet completed, nor will it complete an its analysis of the validity of the Applicants' security given that the Dapit Bid was not a Qualified Bid.

15. If the Approval and Reverse Vesting Order is granted on February 28, 2025, any indebtedness owing by Felix to the Applicants will be vested out of Felix to ResidualCo and will no longer form part of Felix's liabilities.

#### **Part 5: LEGAL BASIS**

1. Pursuant to Section 11 of the *CCAA*, if an application is made under the *CCAA* in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to any restrictions set out in the *CCAA*, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

2. In these circumstances, the Applicants' application is superfluous and a waste of this Court's time and resources. This Court should not grant the Applicants' proposed order given that if the Approval and Vesting Order is granted on February 28, 2025, any amount allegedly owed to the Applicants by Felix will be vested to ResidualCo. A declaration of indebtedness and confirmation of security would be more properly sought in proceedings against ResidualCo following the Approval and Reverse Vesting Order.

3. Further, the SISP has closed and it is inappropriate for the Applicants to seek judgment against Felix as part of its participation in the SISP. The Dapit Bid was not a Qualified Bid.

#### **Part 6: MATERIAL TO BE RELIED ON**

1. Order Made After Application (Initial Order), pronounced November 25, 2024;
2. First Report of the Monitor, dated December 5, 2024;

3. Order Made After Application (Amended and Restated Order), pronounced December 6, 2024;
4. Order Made After Application (Stalking Horse and SISP Approval), pronounced December 9, 2024;
5. Second Report of the Monitor, dated January 30, 2025;
6. Third Report of the Monitor (to be filed); and
7. Such further and other materials as counsel may advise and this Court may permit.

☒ The application respondent has filed in this proceeding a document that contains the application respondent's address for service.

☐ The application respondent has not filed in this proceeding a document that contains an address for service. The application respondent's ADDRESS FOR SERVICE is:

Dated: February 25, 2025



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Lawyer for the Application Respondents

Mary Buttery, K.C. / Lucas Hodgson