

COURT FILE NUMBER 1703-12765

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

PLAINTIFF

DEFENDANTS

EDMONTON

SERVUS CREDIT UNION LTD.

CRELOGIX ACCEPTANCE CORPORATION,
CRELOGIX PORTFOLIO SERVICES CORP.,
CRELOGIX CREDIT GROUP INC., KARL SIGERIST,
NICHOLAS CARTER, MIKE MCKAY AND MICHAEL
MILLS

DOCUMENT

ORDER (MERCHANT CLAIM PROCESS)

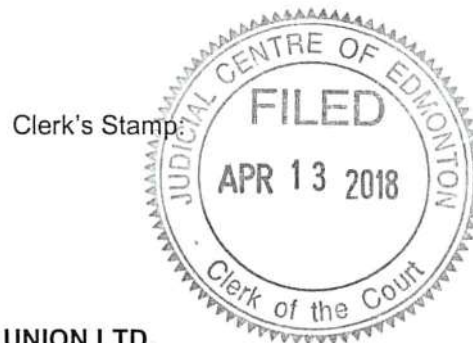
ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

Parlee McLaws LLP
1700 Enbridge Centre
10175 – 101 Street NW
Edmonton, AB T5J 0H3
Attention: Jeremy Hockin, QC
Telephone: 780.423.8532
Fax: 780.423.2870
Email: jhockin@parlee.com
File: 73150-2

DATE ON WHICH ORDER WAS PRONOUNCED: April 13 2018

LOCATION OF HEARING: Edmonton, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: Justice R.A. Graesser



I hereby certify this to be a true copy of the original.
[Signature]
Clerk of the Court

UPON THE APPLICATION of Alvarez & Marsal Canada Inc., in its capacity as court-appointed Receiver and Manager of Crelogix Acceptance Corporation, Crelogix Portfolio Services Corp. and Crelogix Credit Group Inc. (collectively, "**Crelogix**") to establish a claim process with respect to the Unfunded Loan Agreements (as defined herein); **AND UPON** having read the First Report of the Receiver, filed on August 10, 2017, the Second Report of the Receiver, filed on September 1, 2017 (the "**Second Receiver's Report**"), the Third Report of the Receiver, filed on October 24, 2017 and the Fourth Report of the Receiver, filed on January 31, 2018;

IT IS HEREBY ORDERED AND DECLARED THAT:

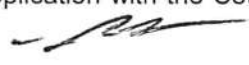
DEFINED TERMS

1. For the purposes of this Order, the following terms shall have the following meanings:
 - (a) **"Instruction Letter"** means the letter regarding completion of a Merchant Claim Application, which letter shall be substantially in the form attached hereto as Schedule **"A"**;
 - (b) **"Merchant"** means any merchant who is a party to any Unfunded Loan Agreement;
 - (c) **"Merchant Claim"** means a claim of any Merchant to an Unfunded Loan Agreement, its proceeds, or monies collected by the Receiver pursuant to an Unfunded Loan Agreement that asserts priority over Crelogix and/or Servus Credit Union Ltd. (**"Servus"**);
 - (d) **"Merchant Claim Application"** means an application in opposition to the Receiver's Application that asserts a Merchant Claim, substantially in the form attached hereto as Schedule **"B"**;
 - (e) **"Merchant Claim Package"** means the document package that shall include a copy of the Instruction Letter, the form of Merchant Claim Application, this Order and such other materials as the Receiver considers necessary or appropriate;
 - (f) **"Receiver's Application"** means the application of the Receiver originally set down before the Court on September 11, 2017 and adjourned sine die; and
 - (g) **"Unfunded Loan Agreements"** has the meaning ascribed thereto in paragraph 23 of the Receiver's Second Report and for greater certainty includes any contract that Crelogix acquired the rights to notwithstanding the contract was not funded by Crelogix at the date of the Receivership.

NOTICE OF MERCHANT CLAIM PROCESS



2. The Receiver shall cause a Merchant Claim Package to be sent to each Merchant by regular pre-paid mail, courier, facsimile or email on or before April 16, 2018.
3. The Receiver shall cause the Merchant Claim Package to be posted on its website on or before April 16, 2018.

IDENTIFICATION AND RESOLUTION OF MERCHANT CLAIMS

4. Any merchant who wishes to assert a Merchant Claim shall, on or before May 16, 2018:
- (a) file a Merchant Claim Application with the Court that is returnable at 10:00 a.m. on **July 11 and 12, 2018**; 
 - (b) file all supporting evidence the Merchant shall rely upon in asserting the Merchant Claim, in affidavit form;
 - (c) provide an email address for service in these proceedings; and
 - (d) serve the filed Merchant Claim Application and any supporting affidavits on each of the Receiver and Servus.
5. In the event that either:
- (a) a Merchant does not comply with paragraph 4 of this Order; or
 - (b) a Merchant Claim Application that is filed in accordance with paragraph 4 of this Order is dismissed by the Court;

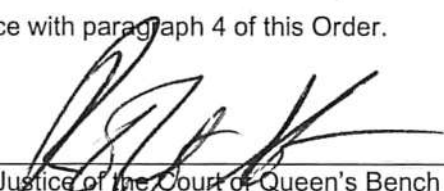
the Unfunded Loan Agreements to which that Merchant is a party and any funds collected by the Receiver pursuant to such Unfunded Loan Agreements shall be declared to be the property of Crelogix and subject to the first ranking security interest of Servus and such Merchant shall be considered an unsecured creditor with respect to any claims it may have pursuant to the Unfunded Loan Agreements.

FILING AND DEADLINES AND SERVICE

6. Questioning on any Affidavits filed pursuant to paragraph 4 of this Order shall be completed on or before **June 1, 2018**.
7. Any reply evidence to be filed by the Receiver or Servus, in report or affidavit form respectively, shall be filed and served on the Merchants on or before **June 8, 2018**.
8. Questioning on any affidavit filed by Servus shall be completed on or before **June 22, 2018**.
9. Any briefs to be filed by the Merchants who filed Merchant Claims Applications pursuant to paragraph 4 of this Order shall be filed and served on the Receiver and Servus on or before June 29, 2018.
10. Any briefs to be filed by the Receiver or Servus shall be filed and served on the Merchants who filed Merchant Claim Applications on or before **July 6, 2018**. 
11. The hearing of the applications shall be set before Justice R.A. Graesser on July 11 and 12, commencing at 10:00 a.m., for two full days. 

GENERAL

12. Servus shall be entitled to participate in any Merchant Claim Application as an interested party.
13. Notwithstanding the terms of this Order, the Receiver, Servus, or any Merchant who files a Merchant Claim Application may apply to this Court from time to time for such further or other orders as it considers necessary or desirable to amend, supplement or modify this Order or to otherwise schedule a process for the efficient resolution and determination of any Merchant Claim Applications that are filed and served in accordance with paragraph 4 of this Order.


Justice of the Court of Queen's Bench of Alberta



SCHEDULE A – INSTRUCTION LETTER

INSTRUCTIONS LETTER FOR MERCHANT CLAIM PROCESS OF CRELOGIX ACCEPTANCE CORPORATION, CRELOGIX PORTFOLIO SERVICES CORP., CRELOGIX CREDIT GROUP INC. ("CRELOGIX")

TO: ALL MERCHANTS PARTY TO AN UNFUNDED LOAN AGREEMENT

On or about July 27, 2017 the Receiver notified Merchants that the Receiver would not be funding certain contracts acquired by Crelogix just prior to the Receivership and that Crelogix by its Receiver would be collecting the loan payments and holding the funds in trust until future direction from the Courts was obtained. The Receiver, on September 11, 2017 scheduled an application seeking the advice and direction of the Court on the entitlement to the funds and the merchant contracts. The Second Report of the Receiver sets out the Receiver's position that Crelogix acquired the rights to the Unfunded Loan Agreements and accordingly Servus as the first secured creditor is entitled to the funds collected to date and future funds collected. The Receiver's Application was adjourned sine die and is now being set down for July [●] The Second Report of the Receiver, other reports of the Receiver and other documentation and information is available on the Receiver's website at www.alvarezandmarsal.com/crelogix.

On April 12, 2018, the Court issued an Order providing for the identification and resolution of Merchant Claims regarding Unfunded Loan Agreements (the "Merchant Claim Process Order"). A copy of the Merchant Claim Process Order is enclosed herewith. Capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the Merchant Claim Process Order. This package is sent to you pursuant to the Merchant Claim Process Order.

The Merchant Claim Process is for those Merchants who are asserting a claim in priority to Crelogix and/or Servus Credit Union Ltd. ("Servus") to any Unfunded Loan Agreements or funds collected by the Receiver pursuant to any Unfunded Loan Agreement. If you do not file a Merchant Claim Application you will have no further rights in your Unfunded Loan Agreement regardless of the decision of the Court and your claim will rank as an unsecured creditor of Crelogix. Based on information currently available to the Receiver there will be no funds available for unsecured creditors.

The Merchant Claim Process Order provides that any Merchant who wishes to advance a Merchant Claim must on or before May 16, 2018:

- (a) file a Merchant Claim Application with the Court that is returnable at 10:00 a.m. on July [●] and July [●], 2018;
- (b) file all supporting evidence the Merchant shall rely upon in asserting the Merchant Claim, in affidavit form;
- (c) provide an email address for service in these proceedings; and
- (c) serve the filed Merchant Claim Application and any supporting affidavits on each of the Receiver and Servus.

In the event that either:

- (a) a Merchant does not file a Merchant Claim Application as provided for in the Merchant Claim Process Order;
- (b) a Merchant Claim Application that is filed in accordance with the Merchant Claim Process Order is dismissed by the Court;

the Unfunded Loan Agreements to which that Merchant is a party and any funds collected by the Receiver pursuant to such Unfunded Loan Agreements shall be declared to be the property of Crelogix and such

Merchants shall be considered as unsecured creditors with respect to any claims they may have pursuant to the Unfunded Loan Agreements.

Dated the 12th day of April, 2018.

**ALVAREZ & MARSAL CANADA INC. in its capacity as
Receiver and Manager of Crelogix Acceptance Corporation,
Crelogix Portfolio Services Corp., Crelogix Credit Group Inc.**

Per:

Tim Reid

SCHEDULE B – MERCHANT CLAIM APPLICATION

COURT FILE NUMBER 1703-12765

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF SERVUS CREDIT UNION LTD.

DEFENDANTS CRELOGIX ACCEPTANCE CORPORATION,
CRELOGIX PORTFOLIO SERVICES CORP.,
CRELOGIX CREDIT GROUP INC., KARL SIGERIST,
NICHOLAS CARTER, MIKE MCKAY AND MICHAEL
MILLS

DOCUMENT APPLICATION (MERCHANT CLAIM)

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT ●

NOTICE TO RESPONDENT(S)

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date	<u>July 11 and July 12, 2018</u>
Time	<u>10:00 a.m.</u>
Where	<u>Law Courts Building, Edmonton</u>
Before Whom	<u>Justice R.A. Graesser</u>

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

- (the “**Applicant**”) applies for:
- A declaration that the Applicant has a claim that has priority to Crelogix Acceptance Corporation with respect to:

[List or schedule all specific Unfunded Loan Agreements to which the Applicant is claiming priority]

including any proceeds thereof and any funds collected pursuant thereto by the Receiver.

Grounds for making this application:

3. [Identify all grounds for asserting the priority claim.]

Material or evidence to be relied on:

4. [List all sources of evidence to be relied on in asserting the priority claim.]

Applicable Rules:

5. [Identify all Rules relied on in asserting the priority claim.]

Any irregularity complained of or objection relied on:

6. None.

How the Application is proposed to be heard or considered:

7. Application to be heard in person before Justice R.A. Graesser on the Commercial List.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.