

COURT FILE NUMBER 1703-12765

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF SERVUS CREDIT UNION

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



DOCUMENT **APPLICATION BY ALVAREZ & MARSAL CANADA INC
IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF
CRELOGIX (AS DEFINED BELOW)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Parlee McLaws LLP
1700 Enbridge Centre
10175-101 Street NW
Edmonton, Alberta T5J 0H3
Attention: Jeremy Hockin, QC
Telephone: (780) 423-8532
Fax: (780) 423-2870
Email: jhockin@parlee.com
File: 73150-2

NOTICE TO RESPONDENTS: CRELOGIX ACCEPTANCE CORPORATION, CRELOGIX PORTFOLIO SERVICES CORP. AND CRELOGIX CREDIT GROUP INC (collectively "Crelogix"); AND THE PARTIES LISTED ON THE SERVICE LISTS ATTACHED HERETO AS SCHEDULES "A" and "B"

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

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

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

Date	September 11, 2017
Time	2:00 p.m.
Where	Edmonton Law Courts
Before Whom	The Honourable Mr. Justice R. Graesser

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

Remedy claimed or sought:

1. An Order abridging the time required for service of notice of this Application to that actually given, and declaring such notice as was given to be good and sufficient notice of this Application;

2. An Order permitting the Receiver to distribute certain funds held in trust by the Crelogix in the manner proposed in paragraphs 70 to 73 (inclusive) of the Receiver's First Report, dated and filed herein on August 10, 2017.
3. An Order approving the actions taken by the Receiver since its appointment as outlined in its First and Second Reports; approving the Receiver's interim account for its fees and disbursements; and approving the accounts of the Receiver's legal counsel as presented.
4. An Order determining the proper allocation of payment of the Receiver's costs and expenses, including without limitation its fees and disbursements and those of its legal counsel.
5. An Order declaring that the Unfunded Loan Agreements, as defined in the Receiver's Second Report, are property of the Receivership and that the monthly payment required under the Loan Agreements should continue to be made to Crelogix (by its Receiver), and that the Merchants named in the Unfunded Loan Agreements are unsecured creditors and shall not interfere with the Receiver's collection of the loan payments arising thereunder.
6. Such further and other relief as this Honourable Court may grant as may be necessary to give effect to the foregoing.

Grounds for making this application:

7. Upon its appointment, the Receiver took possession of five trust accounts containing balances totalling approximately \$15,000,000.00, consisting for the most part of loan payments collected by Crelogix for the months of May and June, 2017.
8. Since the date of the Receivership, the Receiver has collected loan payments for the month of July 2017, which it proposes to distribute to the parties entitled thereto.
9. The beneficiaries of the trust accounts are the five credit unions that provided funding (the "Funders") to Crelogix to enable Crelogix to purchase loan agreements from its merchant network.
10. In the ordinary course of its business, Crelogix was obliged to clear the trust balances by the 10th day of the month following the month in which funds were collected from loan customers.
11. At the date of the Receivership, Crelogix had not cleared the balances which had accumulated during the months of May and June, 2017.
12. The Receiver is satisfied that the majority of the trust balances should be remitted to the beneficiaries thereof, provided that the said beneficiaries agree to repay any of the balances pursuant to any further Orders of this Honourable Court.

13. The Receiver has analysed four measures of cost allocation and has recommended that a pro-rata approach based on the average of the four methods reviewed would be an appropriate basis on which to allocate the costs of the Receivership.
14. As at the date of the Receivership Order, Crelogix was party to approximately 440 Unfunded Loan Agreements (as defined in the Receiver's Second Report), of which 166 with an aggregate value of \$1,600,000.00 were classified by the Receiver as "Contract 1s". The Receiver believes that Crelogix had acquired rights in the Unfunded Loan Agreements that were in the Contract 1 format, such that customers are obliged to make loan payments to Crelogix (by its Receiver) even though the Merchants who provided the customers in question with goods or services have not been paid by Crelogix.
15. The Receivership Order generally and specifically paragraphs 8, 9, 10, 12, 17, 18, 19, 24 and 25 thereof.
16. Such further and other grounds as Counsel may advise.

Material or evidence to be relied on:

17. The Receiver's First and Second Reports, filed; and,
18. Such further and other material or evidence as Counsel may advise and this Honourable Court may permit.

Applicable rules:

19. Rules 6.3, 11.27 and 13.5 of the *Alberta Rules of Court*.

Applicable Acts and regulations:

20. Section 99 of the *Business Corporations Act*, RSA 2000, c. B-9 (as amended);
21. Section 65(7) of the *Personal Property Security Act*, RSA 2000, c. P-7 (as amended);
22. Section 249 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (as amended); and,
23. Such further and other Acts and regulations as Counsel may advise.

Any irregularity complained of or objection relied on:

24. None.

How the application is proposed to be heard or considered:

25. In person before the Honourable Mr. Justice R. Graesser in Chambers, with some counsel appearing by teleconference pursuant to Rule 6.10 of the *Alberta Rules of Court*.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant 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.

Court of Queen's Bench of Alberta, Judicial Centre of Edmonton
Court File No.: 1703 12765
Servus Credit Union Ltd. v. Crelogix Acceptance Corporation et al

Service List

Party	Counsel/Contact	Email/Fax	Status
Crelogix Acceptance Corporation Crelogix Portfolio Services Corp Crelogix Credit Group Inc	Alvarez & Marsal Canada Inc. 250 6 Ave SW Suite 1110 Calgary, AB T2P 3H7 Attn.: Tim Reid	treid@alvarezandmarsal.com Fax:	Defendants/Debtors
Servus Credit Union Ltd.	Miller Thomson LLP 2700, 10155 – 102 Street Edmonton, AB Attn.: Rick T.G. Reeson, Q.C.	rreeson@millerthomson.com Fax 780.424.5866	Funder/Secured Creditor
Prospera Credit Union Prospera Holdings Ltd.	McMillan LLP 1055 W Georgia St, Royal Centre, Suite 1500, Vancouver, BC V6E 4N7 Attn.: Peter J. Reardon/Vicki Tickle	peter.reardon@mcmillan.ca vicki.tickle@mcmillan.ca Fax: (604) 685-7084	Funders
Karl Sigerist	Fasken Martineau 2900, 550 Burrard St. Vancouver, BC V6C 0A3 Attn. Kibben Jackson	kjackson@fasken.com Fax: (604) 631 3232	Former President, CEO, Director and Guarantor of Indebtedness to Servus Credit Union Ltd.
Bow Valley Credit Union Ltd.	Bryan & Company #320, 903 - 8th Ave. S.W., Calgary, AB T2P 0P7 Attn.: Erin Viala	eaviala@bryanco-cgy.com Fax: (403) 269-9304	Funder

Beaumont Credit Union	Reynolds Mirth Richards & Farmer LLP 3200, 10180 – 101 Street Edmonton, AB T5J 3W8 Attn.: Michael J. McCabe, Q.C.	mmccabe@rmrf.com Fax: (780) 429-3044	Funder
Connect First Credit Union Ltd.	Dentons Canada LLP 15 th Floor Bankers Court 850 – 2 nd Street SW Calgary, AB T2P OR8 Attn.: David LeGeyt/John Regush	david.legeyt@dentons.com john.regush@dentons.com Fax: (403) 268-3100	Funder
Alvarez & Marsal Canada Inc. in its capacity as Receiver of Crelogix Crelogix Acceptance Corporation Crelogix Portfolio Services Corp Crelogix Credit Group Inc. ("Alvarez")...	Parlee McLaws LLP 1700 Enbridge Centre 10175 – 101 Street NW Edmonton, AB T5J OH3 Attn.: Jeremy H. Hockin, Q.C.	jhockin@parlee.com Fax: (780) 423-2870	Receiver of Crelogix

**Crelogix Acceptance Corporation, Crelogix Portfolio Services Corp
Crelogix Credit Group Inc. (collectively "Crelogix") – in Receivership**

Service List – Unfunded Merchants

Counsel/Contact	Name of Merchant	Email/Fax
PDF Avocats 1240 Beaumont Avenue, Suite 210 Montreal, Quebec, H3P 3E5 Attn.: Jean-Francois Mallette Attn.: Marie-Sophie Marceau	See Appendix 1 attached	J.Mallette@pfdavocats.com M.Marceau@pfdavocats.com Fax: (514) 735-7334
Frank M. Falconi Barrister, Solicitor, Notary Public 369 Murray Street North Bay, ON P1B 4G3 Attn.: Frank M. Falconi	1537891 Ontario Inc. Elder Enterprises Ltd. J&B Cycle and Marine Co. Ltd. North Bay Cycle & Sports (2015) Inc. Clare's Cycle and Sports Ltd. 900337 Ontario Inc. O/A Gaston's Sports & Marine	frank@falconi.ca Fax: (705) 474-8303
LPC Avocat Inc. 5800 Boulevard Cavendish, Suite 411 Cote St-Luc, Quebec H4W 2T5 Attn.: Joey Zukran	The Prancing Horse Inc. Le Cheval Cabre Inc.	jzukran@lpclex.com Fax: (514) 221-4441

Garton & Harris
Barristers & Solicitors
1542 Prairie Avenue
Port Coquitlam, BC V3B 1T4
Attn. Brian C. Man

Gordon Aulenback Ltd. doing business as "GA Checkpoint"

Fax: (604) 468-8007

Mathieu Kellner Avocat
275 Boulevard Cure-Labelle, Bureau
109A
Sainte-Therese, Quebec J7E 0C2
Attn.: Mathieu Kellner

9250-5114 Quebec Inc. doing business as "Renovation Domicili-Air"

mk@kellneravocat.com

Fax: (450) 506-0288

Gunn & Associates
o/b Douglas George Gunn
Professional Corporation
Barristers, Solicitors & Notaries
Public
Attn.: Douglas G. Gunn, Q.C.

Andrews Sports

douglasgunn@gunn.on.ca

Fax: (510) 631-1468

CONCESSIONNAIRE	NO CONTRAT CRELOGIX	NOM	PRÉNOM
MOTOS ILLIMITÉES INC.	39721108	PILON	KEVIN
MOTOS ILLIMITÉES INC.	39910149	BARRETTE	ROBERT
MOTOS ILLIMITÉES INC.	39556403	GROULX	SÉBASTIEN
MOTOS ILLIMITÉES INC.	39836911	DAMIEN	MONIQUE
MOTOS ILLIMITÉES INC.	39824172	LAMBERT	GUY-LOUIS
MOTOS ILLIMITÉES INC.	39775479	ROY	MARIE-JOSÉE
MOTOS ILLIMITÉES INC.	39994326	BEAULIEU	OLIVIER
MOTOS ILLIMITÉES INC.	39705650	MICHEL	ISAAC
MOTOS ILLIMITÉES INC.	39836903	BARIL	STÉPHANE
MALTAIS PERFORMANCE INC.	39864103	ROY	JEAN-DANIEL
MOTOS THIBAUT SHERBROOKE INC.	39879416	BOUCHER	MARCO
MOTOS THIBAUT SHERBROOKE INC.	39909757	BORDELEAU	CLAUDE
MOTOS THIBAUT SHERBROOKE INC.	39700829	VAILLANCOURT	MARC
MOTO RIVE-SUD INC.	37676161	ROBERGE	CHRISTIAN
MOTO RIVE-SUD INC.	39823848	MILETTE	VERONIQUE
VISION HARLEY-DAVIDSON / 653557 CAN	39886164	LAMARCHE	CAMILLE
VISION HARLEY-DAVIDSON / 653557 CAN	39991985	MONAST	MAXIME
GROUPE CONTANT INC.	39782633	TROTTIER	SANDY
GROUPE CONTANT INC.	39671916	PERRAULT	JEAN-PIERRE
GROUPE CONTANT INC.	39809904	BLANCHETTE	LÉO
GROUPE CONTANT INC.	39810215	BEAULIEU	LOUIGUY
NADON SPORT ST-EUSTACHE INC.	39951243	MALTAIS	GABRIEL
NADON SPORT ST-EUSTACHE INC.	39798118	LAFLEUR	IAN-REMI
MOTO LUC DUBÉ / GARAGE LUC DUBÉ / S	39935705	NAUD	SERGE
GREGOIRE SPORT INC.	39896191	COUSINEAU	SÉBASTIEN
LAJEUNESSE MOTO SPORT LTEE	39878933	CHARTIER	ROBERT
LAJEUNESSE MOTO SPORT LTEE	39735798	CLOUTIER	MARCEL
VTT QUADPRO INC.	39868908	DEVOYALT	MIKAEL
VTT QUADPRO INC. / AXION MOTO SPOR	39879585	LACHANCE	YVES
VTT QUADPRO INC.	39351435	BIANCA	ALAIN
VTT QUADPRO INC.	39826919	DUBÉ	MICHAEL
CLAUDE STE-MARIE SPORT INC.	39883653	DUBÉ	HÉLÈNE
PERFORMANCE N.C. INC.	39772520	DUCHANE	KEVIN
PERFORMANCE N.C. INC.	39811822	RUEL	DANY
PERFORMANCE N.C. INC.	39738972	BOURDEAU	SÉBASTIEN
NADON SPORT LACHUTE INC.	39892162	CARLSON	CHRISTOPHER
NADON SPORT LACHUTE INC.	39772662	BEAULAC	GAETAN
MOTO DUCHARME INC.	39542652	D'ERRICO	SABATINO