

COURT FILE and  
BANKRUPTCY NUMBER

BK01- 094419

COURT

COURT OF QUEEN'S BENCH OF ALBERTA IN  
BANKRUPTCY AND INSOLVENCY

BANKRUPTCY MATTER

**IN THE MATTER OF THE BANKRUPTCY OF  
ASSISTIVE FINANCIAL CORP.**

APPLICANT

THE MANAGEMENT COMMITTEE OF THE  
DEBENTUREHOLDERS OF ASSISTIVE  
FINANCIAL CORP. in its capacity as agent or  
attorney-in-fact of the parties set out in **Schedule 'A'**  
hereto, consisting of all the Debentureholders of  
Assistive Financial Corp.

RESPONDENT

ASSISTIVE FINANCIAL CORP.

DOCUMENT

**APPLICATION FOR BANKRUPTCY  
ORDER**

ADDRESS FOR SERVICE AND

Josef G.A. Krüger, Q.C.  
Borden Ladner Gervais LLP  
1900, 520 3<sup>rd</sup> Ave. S.W.  
Calgary, AB T2P 0R3  
Telephone: (403) 232-9563  
Facsimile: (403) 266-1395  
File No. 441237/000001

CONTACT INFORMATION OF

PARTY FILING THIS

DOCUMENT

I hereby certify this to be a true copy of the  
original application for Bankruptcy Order  
of which it purports to be a copy.  
Dated this 20 day of Jan 2014  
for Josef Kruger  
Registrar of Calgary  
Bankruptcy Division of the  
Court of Queen's Bench of Alberta

**NOTICE TO RESPONDENTS:**

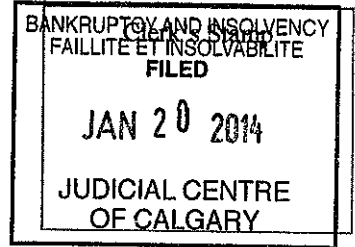
This application is made against you. You are a respondent or an interested party.

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

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

Date: Monday, February 3, 2014  
Time: 10:00, or so soon thereafter as counsel may be heard  
Where: Calgary Court Centre, 601-5 Street SW, Calgary, AB  
Before Whom: The Honourable Justice A.D. Macleod

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. The Applicant, the Management Committee of the Debentureholders of Assistive Financial Corp. (the "**Management Committee**"), agent or attorney-in-fact of several creditors of the Respondent, Assistive Financial Corp. ("**Assistive**"), applies for an order in respect of Assistive substantially in the form attached as **Schedule 'B'** hereto, including without limitation the following relief:

- (a) Abridging (only if necessary) the time for service of the within Originating Application and materials filed in support thereof, validating and deeming good and sufficient service of the within Originating Application and materials in support thereof and declaring that the application is properly returnable on February 3, 2014 at 10:00 a.m.;
- (b) Adjudging Assistive bankrupt;
- (c) Granting a Bankruptcy Order in respect of the property of Assistive;
- (d) Appointing Hardie & Kelly Inc. as trustee in bankruptcy (the "**Trustee**") of Assistive's bankrupt estate;
- (e) The costs of the within Application for Bankruptcy Order be paid out of the bankrupt estate; and
- (f) Such further and other relief as this Honourable Court considers just in the circumstances.

**Grounds for making this application:***Statutory Requirements*

2. Within the year immediately preceding the date of the initial bankruptcy event, Assistive carried on business in Calgary, Alberta.

3. Assistive is truly and justly indebted to the Debentureholders (as defined below), whose interests are collectively represented by the Management Committee as agent or attorney-in-fact, in an amount exceeding \$1,000.

4. Assistive has committed an act of bankruptcy within the 6 months preceding the date of the filing of the within Application for Bankruptcy Order by:

- (a) giving notice to its creditors that it has suspended, or is about to suspend payments of its debts by way of written notice dated September 4, 2013; and
- (b) failing to meet its liabilities generally as they became due in that it has failed to pay significant indebtedness owed to and demanded by the Management Committee.

5. Hardie & Kelly Inc., with offices in the City of Calgary, is a person qualified to act as Trustee, and has consented to act as such and is acceptable to the Management Committee.

#### *Detailed Grounds*

6. Assistive is indebted to the Debentureholders as at December 17, 2013 in an amount of \$107,640,430.00 plus interest, fees and other chargeable costs that are continuing to accrue (the "**Debt**").

7. The debt arises from the issuance of subordinated, unsecured notes and debentures (together the "**Debentures**") issued by Assistive pursuant to standard form subscription agreements for Debentures (the "**Subscription Agreement**"). The Debentures contemplate that interest would be payable to the holder of the Debentures (the "**Debentureholders**") monthly on the principal amount set out in the Subscription Agreement.

8. There are 174 individual Debentureholders, who are owed various amounts under one or more Debentures (some of the Debentureholders hold more than a single Debenture). All of the Debentureholders are owed \$1,000 or more by Assistive.

9. On or about September 4, 2013, the Debentureholders received notice from Assistive (the "**Default Notice**") that the interest payment due from Assistive to the Debentureholders on September 5, 2013, would not be made by Assistive.

10. Shortly after receiving the Default Notice, a number of Debentureholders took steps to engage counsel to act to protect the rights of all Debentureholders. These steps included the formation of the Management Committee pursuant to a plan of arrangement under section 193 of the *Business Corporations Act*, R.S.A. 2000, c B-9 (the "**Arrangement**"), approved by the Court on November 4, 2013.

11. By virtue of the Arrangement, an administration and governance structure was added to the Debentures, enabling, amongst other things, the creation of the Management Committee to represent the collective interests of all Debentureholders and granting the power to the Management Committee to bring proceedings in the name of the Management Committee as agent for or attorney-in-fact of each of the Debentureholders, including express power and authority for the Management Committee to institute proceedings in its own name, or to exercise any other remedy on behalf of the Debentureholders.

#### *Details of the Subscription Agreement*

12. Assistive is in the business of providing capital to be used for short-term “pay-day” type loans to individuals in Canada, Australia, and parts of Europe (collectively referred to as the “**Assistive Advances**”). The Assistive Advances are provided through a broker, the Cash Store Financial Services Inc. and its affiliates (the “**Cash Store Group**”).

13. Assistive raised funds for the Assistive Advances through the issuance of the Debentures pursuant to the Subscription Agreements. In the Debentures, Assistive covenanted:

- (a) to duly and punctually pay or cause to be paid to the Debentureholders the principal amount and interest accrued on the Debenture before or on the designated maturity date, of which such payments were not contingent upon Assistive’s profits in any way;
- (b) to carry on and conduct its business in a proper and efficient manner at all reasonable times;
- (c) to use the principal amount of the Debenture to provide loans directly to, or to customers of the Cash Store Group; and
- (d) to provide the Debentureholders prompt written notice of the occurrence of any event of default.

14. The Debentures provide for accelerated repayment (the “**Acceleration Provisions**”) in the event of a default. An event of default includes, without limitation, where Assistive:

- (a) defaults in payment of the principal amount of the Debenture when it becomes due and payable; or
- (b) defaults in payment of any interest due on the Debenture and such default continues for a period of 30 days.

15. Pursuant to the Acceleration Provisions, in each and every event of default, the principal amount and interest on the Debenture and all other moneys outstanding, shall be due and payable by Assistive upon receiving written notice from the Debentureholder.

16. Additionally, the Debentures provide that if Assistive fails to pay a Debentureholder within 5 days after the principal and interest have been declared to be due and payable, the Debentureholder may proceed to obtain or enforce payment of the principal amount and interest on the Debenture, together with any other amounts due, by such proceedings authorized by the Debenture or by law or equity. Further the Debenture provides:

- (a) the Debentureholder shall be entitled to file such proof of debt to have the claims of the Debentureholder allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to Assistive or its creditors; and
- (b) the Debentureholder shall have power at any time and from time to time to institute and maintain such suits and proceedings necessary to preserve its best interests.

17. The Debentures further provide that Assistive shall pay to the Debentureholder all reasonable costs and expenses, including all legal fees and disbursements on a solicitor and his own client basis, incurred by the Debentureholder in connection with the enforcement of the Debenture.

*Event of Default & Demand for Debt*

18. Since the Default Notice, Assistive ceased making any further payments to the Debentureholders. Assistive has defaulted in payment of interest due to the Debentureholders on all of September 5, 2013, October 5, 2013, November 5, 2013, and December 5, 2013.

19. The default in payment of interest due and payable has continued for a period of more than 30 days and as such constitutes an event of default under the Subscription Agreement.

20. By a special resolution passed by 99.76% of Debentureholders present in person or voting by proxy, the Debentureholders authorized the Management Committee to bring legal proceedings against Assistive, including this bankruptcy application.

21. By demand letter dated November 26, 2013, the Management Committee made demand from Assistive for payment of the Debt pursuant to the Debentures.

22. The aforesaid notice provided that Assistive defaulted in payment of interest due to the Debentureholders and such default has continued for 30 days or more. Further, the Notice provided that Assistive must pay to the Debentureholders the Principal Amounts (as defined in the Debenture) and accrued unpaid interest together with interest at the rate borne by each Debenture on such Principal Amount. Further, the notice provided that should Assistive fail to make payment forthwith, the Debentureholders, represented by the Management Committee, would proceed to exercise their rights in law and in equity.

23. No payment of the Debt, or any portion thereof has been received from Assistive whatsoever and that liability has long since come due.

24. The Debentureholders, represented by the Management Committee, are accordingly unsecured creditors of Assistive in the amount of \$107,640,430.00.

25. In the result, a Bankruptcy Order should issue against Assistive.

**Material or evidence to be relied on:**

26. The supporting Affidavit of Verification of Spencer Coupland, sworn January 17<sup>th</sup>, 2014, filed.

27. The Affidavit(s) of Service.

28. The Consent to Appointment of Hardie & Kelly Inc.

29. The pleadings previously filed in Action No. 1301-11708 of this Honourable Court.

**Applicable rules:**

30. Rules 6.3(1), 6.9(1)(a) and 11.27 of the *Alberta Rules of Court*, AR 124/2010.

31. Rules 69-76 of the *Bankruptcy and Insolvency General Rules*, C.R.C. c. 368.

**Applicable Acts and regulations:**

32. The provisions of the *Bankruptcy and Insolvency Act* (Canada), in particular section 43 thereof.

**Any irregularity complained of or objection relied on:**

33. None.

**How the application is proposed to be heard or considered:**

34. In person, before the presiding Justice in Bankruptcy, with some or all of the parties present.

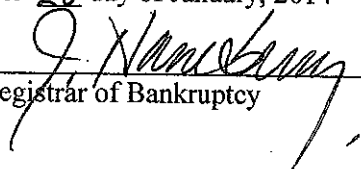
**DATED** at the City of Calgary, in the Province of Alberta, this 20<sup>th</sup> day of January, 2014

**THE MANAGEMENT COMMITTEE OF THE  
DEBENTUREHOLDERS OF ASSISTIVE  
FINANCIAL CORP.**

By its counsel **BORDEN LADNER GERVAIS, LLP**

  
\_\_\_\_\_  
Josef G.A. Krüger, Q.C.

**ISSUED** at the City of Calgary, in the Province of Alberta  
this 20 day of January, 2014

  
\_\_\_\_\_  
Registrar of Bankruptcy

**ENTERED** this \_\_\_ day of January, 2014

\_\_\_\_\_  
Clerk of the Court of Queen's Bench of Alberta

**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.

**TAKE NOTICE**

That an Application for a Bankruptcy Order (substantially in the form of Schedule 'B' attached hereto) has been made in respect of your property and will be heard before the Honourable Justice A.D. Macleod, at the Calgary Courts Centre located at 601, 5<sup>th</sup> Street SW Calgary, AB on Monday the 3<sup>rd</sup> day of February, 2014 at the hour of 10:00 a.m., or so soon thereafter as the within Application may be heard

**AND FURTHER TAKE NOTICE**

That if notice of cause against this Application is not filed in Court and a copy thereof served on counsel for the applicant at least two days before the hearing and if you do not appear at the hearing the Court may make a Bankruptcy Order on such proof of the statements in the Application as the Court shall think sufficient.

**SCHEDULE 'A'**  
**LIST OF DEBENTUREHOLDERS**



**Investor's Name**

1. 1038071 Alberta Inc.
2. 1334975 Alberta Ltd.
3. 1410209 Alberta Ltd.
4. 1475942 Alberta Ltd.
5. 1629625 Alta Ltd.
6. 1702425 Alberta Ltd.
7. 413788 (Alta) Ltd.
8. 564581 Alberta Ltd.
9. 610009 Alberta Ltd.
10. 665991 Alberta Ltd.
11. 745416 Alberta Ltd.
12. 750964 Alberta Ltd.
13. 871007 Alberta Ltd.
14. 924294 AB Ltd. and Elizabeth Love
15. A&J Visser Family Trust
16. Aaron Moser
17. Agathe Natrass
18. Alan and Claire Hodgson
19. Alana Johnson
20. Alf Peneycad
21. Alison Suzuki
22. Andrea Peneycad
23. Andrew Paul
24. Angela Sibthorpe
25. Archie Roberts
26. Ashlyn Beatty
27. AW Balanced Mortgage
28. AW Diversified Mortgage
29. AW Mortgage Capital Corp
30. Azical Holdings
31. Barbara Propp
32. Barbara Wyrsh
33. Barry McGuire and Donna Peterson
34. Beme Trust
35. Bernice Martin
36. Bing Wang and Yi-Hui Sun
37. BJ McDougall Investments
38. Brandon Schiffner
39. Brian and Silvana Maurer
40. Brian Sibthorpe

41. Brodco Investments Inc.
42. Bruce & Victoria Hall
43. Bryant Jackson
44. Bryson Group Consulting Inc.
45. Caitlin Hall
46. Cal Morstad
47. Charlene Bryden
48. Charlotte Bernard
49. Chelsea Projects Inc. (Formerly 1360735 AB Ltd.)
50. Claire Hodgson
51. Colin B. Wiebe Professional Corp.
52. Col-Syb Holdings
53. Corbin Staniloff
54. D & L Lashyn Family Trust
55. Dale Hodgson
56. Darlene Moser
57. David and Pauline Wu
58. David Richardson
59. Dawn Mason & Allan Mason
60. de Regt Family Trust
61. Dean Staniloff
62. Debbie Peacock
63. Deborah Staniloff
64. Dechaine Farms
65. Delbert Natrass
66. Dennis & Theresa Fairbairn
67. Dennis-Pieron Family Trust
68. Devan Corp.
69. Diane Quinn
70. Diane Ragan
71. Dual Inc.
72. Earl Overall
73. Elayne Schiffner
74. Elizabeth Love
75. Enders Management Inc.
76. Eureka Ventures
77. Everclear Separation Technologies Ltd.
78. Fiona Peneycad
79. Galaxy Investments Canada Inc.
80. Gary Jones
81. Gayle Frewer and James Blades
82. Genesis Properties Canada Ltd.

83. Georgina Mikalauskas
84. Greenmar Holdings Inc.
85. Greg Germscheid, Maureen Germscheid
86. Guy Huntingford
87. Harland & Marlene Johnson
88. Helen Jenkins
89. Hettinger Holdings Ltd.
90. Image Homes Inc.
91. Invico Performance Yield fund LP
92. Jacinta and Janita Yeung
93. James and Georgette Maurer
94. James Henderson
95. James Sibthorpe
96. Janice Braun
97. Jarod Dielwart
98. Jason Kubke
99. Jeff Christie
100. Jim Baker
101. Jim Irvine
102. John Bastigal
103. John K. Read Investments Ltd.
104. John Read
105. Juli Johnson,
106. Jumpstart Alberta
107. Karilene Montgomery
108. Kevin Jenkins
109. Kristy Chu
110. Laura Johnson
111. Liam Christie
112. Lisa Partlo
113. Lori Waslen
114. Love Holdings Inc (Genesis  
Marketing Group)
115. Malcolm Cameron
116. Marcia Nattrass
117. Maria de Regt
118. Marion Morstad
119. Mary Christie and Liam Christie
120. Merleen Hodgson
121. Michael Abram
122. Michael Kallis
123. Michael Lin Professional  
Corporation

124. Minaz LaLani & Noor Begum
125. Munira Jiwa
126. Nancy Andrew
127. Nancy Paul
128. Norbert Meth and Louise Chong
129. Norman and Bernice Martin
130. PAARCO Holdings Ltd.
131. Partners Holding Inc.
132. Pennant Pure Yield Fund
133. Peter Loubardeas
134. Philip Heerema
135. Progress Asset Mgmt.
136. Prospector Sales & Service Ltd.
137. Quantico Capital
138. R.W. Andrew
139. Raymond Natrass
140. Razor Holdings
141. Renn Systems Inc.
142. Richard Propp
143. Rick and Elaine Kessy
144. Rick Kuzek
145. Rita Bayley
146. Robert and Susan Palmer
147. Robert Kubke
148. Roy Everall
149. Royop Hospitality Corp.
150. RP 1 Group Inc.
151. Samuel Jess Johnson Foundation
152. Sandra Schmid
153. Seamus Holdings Ltd.
154. Seth Alward
155. Shanburlain Holdings Ltd.
156. Sharon West
157. Slade Schiffner
158. Springside Development
159. Stanbar Investment Consultants  
Inc.
160. Starwest Financial Corp
161. Stephen Charlesworth
162. Stephen Hodgson
163. Stephen Singer
164. Susan Orman
165. Tempest Mgt. Inc.

- 166. Terry Baker
- 167. Terry Gerlitz
- 168. The Kuzek Foundation
- 169. The Lam Group
- 170. Tom & Peggy Wilkinson
- 171. Trent Baker
- 172. Vivian F. Jones
- 173. Warren Craddock
- 174. Wendy Dechaine

**SCHEDULE 'B'**  
**PROPOSED FORM OF ORDER**

COURT FILE and  
BANKRUPTCY NUMBER

**BK01-**

COURT

COURT OF QUEEN'S BENCH OF ALBERTA IN  
BANKRUPTCY AND INSOLVENCY

BANKRUPTCY MATTER

**IN THE MATTER OF THE BANKRUPTCY OF  
ASSISTIVE FINANCIAL CORP.**

JUDICIAL CENTRE

**CALGARY**

DOCUMENT

**BANKRUPTCY ORDER**

Clerk's Stamp

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

Josef G.A. Krüger, Q.C.  
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Calgary, AB T2P 0R3  
Telephone: (403) 232-9563  
Facsimile: (403) 266-1395  
File No. 441237/000001

**DATE ON WHICH ORDER WAS PRONOUNCED: February 3<sup>rd</sup>, 2014**

**LOCATION WHERE THIS ORDER WAS PRONOUNCED: Calgary, Alberta**

**NAME OF THE JUDGE WHO MADE THIS ORDER: The Honourable Justice A.D. Macleod**

UPON the application of the Management Committee of the Debentureholders of Assistive Financial Corp. (the "**Applicant**"), appointed to represent 174 creditors of Assistive Financial Corp. ("**Assistive**") totalling \$107,640,430.00 in claims; **AND UPON** having read the Affidavit of Verification of Spencer M. Coupland, sworn January 17<sup>th</sup>, 2014, (filed); **AND UPON** being satisfied that Assistive and all interested and affected parties have been served with notice of the within Application; **AND UPON** being satisfied that Assistive has committed an act of bankruptcy in the 6 months preceding the filing of the within Application, specifically that it has ceased to meet its liabilities as they become due; **AND UPON** noting the consent of Hardie & Kelly Inc. to be appointed as the trustee in bankruptcy in the within proceedings and being satisfied that it is a person so qualified to act; **AND UPON** hearing from counsel for the Applicant and counsel for Assistive:

**IT IS HEREBY ORDERED AND DECLARED AS FOLLOWS:**

1. The service of notice of the Originating Application for Bankruptcy Order and materials filed in support thereof, is hereby validated and deemed good and sufficient and properly returnable on February 3, 2014 at 10:00 a.m.
2. Assistive Financial Corp., having registered offices and carrying on business in the City of Calgary, in the Province of Alberta, is hereby adjudged bankrupt by virtue of the within Bankruptcy Order made as of this date.
3. Hardie & Kelly Inc. is appointed as trustee of the bankrupt estate of Assistive (the "Trustee") and the Trustee is authorized to take all necessary steps to take possession of the deeds, books, records and documents and all property of the bankrupt and to administer the bankrupt estate of Assistive.
4. In accordance with section 16(1) of the *Bankruptcy and Insolvency Act* (Canada) the Trustee shall give security in cash or by bond.
5. Costs of the within Application are granted in favour of the Applicant in the amount of \$3,500 plus reasonable disbursements to be taxed if not agreed upon, which costs shall be paid out of the bankrupt estate of Assistive.
6. The form of this order may be agreed upon, executed and delivered by facsimile or other electronic transmission and a signature by way of facsimile or other electronic transmission shall be as binding and effective as an original signature.

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J.C.Q.B.A.