



District of: British Columbia
Division No.: 03 – Vancouver
Court No.: B-240536
Estate No.: 11-3149370
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF LAMBDA SOLUTIONS INC.

NOTICE OF MOTION

NAME OF APPLICANT: Lambda Solutions Inc. ("**Lambda**", alternatively, the "**Applicant**")

TO: The Service List attached as **Schedule "A"**

TAKE NOTICE that an Application will be made by the Applicant to the presiding Judge or Associate Judge sitting as a Registrar in Bankruptcy at the courthouse at 800 Smithe Street, Vancouver, British Columbia V6Z 2E1 on January 14, 2025 at 9:45 am Orders set out in Part 1 below.

The Applicant estimates that the application will take 10 minutes.

[X] This matter is not within the jurisdiction of an associate judge (sitting as a Registrar in Bankruptcy) or a Registrar in Bankruptcy.

PART 1: ORDER SOUGHT

1. An Order abridging the time for service of this Notice of Motion and dispensing with further service of this Notice of Motion such that this Notice of Motion is properly returnable on the date that it is heard;
2. An Order extending the stay of proceedings and the time for the filing of the Applicant's proposal under Part III, Division 1 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3 (the "**BIA**") by twenty-eight (28) days to 11:59 p.m. on February 07, 2025 substantially in the form of Order attached as **Schedule "B"**; and
3. Such further and other relief as counsel may advise and this Honourable Court may deem just.

PART 2: FACTUAL BASIS

Overview

1. On November 04, 2024, the Applicant filed a Notice of Intention to make a Proposal ("**NOI**") with the Office of the Superintendent of Bankruptcy Canada and Crowe Mackay & Company Ltd. was appointed trustee ("**Proposal Trustee**").
2. The Applicant is a company that was incorporated pursuant to the laws of British Columbia on October 23, 2002, with a registered and records office located at 800 – 885 West Georgia Street, Vancouver, British Columbia.
3. The Applicant is a software-as-a-service company that provides cloud-based learning management software to organizations. The Lambda platform allows users to learn, track progress, and achieve goals within a flexible and customizable environment.
4. Lambda serves enterprises, governments, and associations needing integrated training, certification, and professional development tools.
5. The Applicant employs 9 full-time employees through its Canadian head office, and maintains a small development team of 2 independent contractors in Serbia. It serves 88 customers across the U.S. and Canada.
6. Lambda's primary assets are its intellectual property, goodwill with customers, its value as a business as a going concern, and a Scientific Research and Experimental Development investment tax credit ("**SR&ED**") in the amount of \$250,000.
7. Due to the nature of the assets and the business, the liquidation value of Lambda is minimal. However, there is significant potential value for Lambda to continue operating as a going concern post-restructuring.
8. Lambda's financial difficulties and solvency issues have been caused by several factors, summarized below:
 - (a) Challenges relating to being a start-up company while navigating the delayed affects of the COVID-19 pandemic;
 - (b) Economic downturn;
 - (c) Loss of 3 major clients since 2022; and
 - (d) Limited access to funding.

Insolvency Proceedings

9. Pursuant to section 50.4(8) of the BIA, the initial stay period in the proposal proceedings was from November 1, 2024, to December 1, 2024 (the "**Initial Stay Period**").

10. The Applicant then obtained a provisional stay until December 06, 2024 and on December 04, 2024 a further stay extension was granted until January 15, 2025.
11. The Applicant requires an extension of time from January 15, 2025 to and including February 07, 2025 (the "**Extension Period**") in order to consider filing a proposal to its creditors.
12. The Extension Period will also allow the Applicant to negotiate and determine the terms of a proposed pre-packaged sale (the "**Sale**") to its senior secured creditor, Evergreen Gap Debt LP as agent for Firepower Gap Debt II LP (collectively, "**Firepower**").
13. Since the commencement of these proceedings, the Applicant has engaged discussions with Firepower.
14. In 2023 and 2024, the Applicant had previously retained professionals to assist with marketing its business and assets for a potential sale on two distinct occasions.
15. In light of paragraph 14, Lambda has been sufficiently exposed to the market and thus will not likely be undergoing a Sale and Investment Solicitation Process.
16. The Extension Period is necessary for Lambda to complete the following:
 - a. to finalize discussions with Firepower regarding the terms of the Sale;
 - b. prepare a purchase agreement;
 - c. to provide notice to Lambda's stakeholders;
 - d. to provide evidence to satisfy the Proposal Trustee of the adequacy of prior marketing efforts; and
 - e. to attend court to obtain an order approving the sale.
17. Once the terms of the Sale is finalized, the Applicant's will have a well-defined understanding of what would be considered a realistic and viable proposal to its other creditors.

Other Efforts to Improve Lambda's financial position

18. Since the commencement of these proceeding, the Applicant has been acting in good faith and with due diligence in attempting to formulate a viable proposal.
19. In or around December 2024, the Applicant retained SMK Advisory as a consultant to assist with formulating a viable proposal for the Applicant's creditors.
20. If the Extension Period is granted, the Applicant will likely be able to determine a proposal to its creditors once the matter with Firepower has been resolved.
21. Further, the Applicant has worked diligently to stabilize its financial performance including stabilizing cash flow, collecting on client invoices and recovering accounts receivable.

22. The Applicant has also recently engaged Ashdown Capital Vancouver ("**Ashdown**") to assist with locating additional financing. Ashdown proposes to be seeking financing in mid-January.
23. Firepower supports the application for the Extension Period to February 07, 2025.
24. No creditor will be materially prejudiced if the requested Extension Period is granted.
25. The Applicant is not aware of any person that opposes the relief sought.
26. The Applicant has acted, and continues to act, in good faith and with due diligence and intends to work diligently to pursue its proposal with a view to achieving a greater net recovery for its stakeholders in a timely manner.

PART 3: LEGAL BASIS

1. Pursuant to Section 50.4(9) of the *BIA*, a debtor in a proposal proceeding may, before the expiry of the time to file a proposal, apply to the court for an order extending the time to file a proposal, by a maximum of 45 days, and the court may extend the time if it is satisfied that:
 - a. the insolvent person has acted, and is acting, in good faith and with due diligence;
 - b. the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and,
 - c. no creditor would be materially prejudiced if the extension being applied for were granted.
2. An application for an extension of time to follow a proposal under section 50.4(9) is to be considered on an objective standard.

Cantrail Coach Lines Ltd. (Re), 2005 BCSC 35 [*Cantrail*], at para. 11
T & C Steel Ltd. (Re), 2022 SKKB 236, at para. 5-8

3. In demonstrating that the debtor is acting in good faith and with due diligence, it is sufficient for the debtor to show that it is not acting in bad faith and is taking steps towards making a proposal. A debtor that shows "some diligence" will be found to have met the requirement under section 50.4(9)(a).

Andover Mining Corp. (Re), 2013 BCSC 1833 [*Andover*], at para. 65

4. Regarding section 50.4(9)(b), a "viable proposal" is one that is "reasonable on its face to a reasonable creditor." This standard ignores "the possible idiosyncrasies of any specific creditor." Further, it need not be certain that the debtor will table a proposal within the extension period; "likely" in section 50.4(9)(b) means "such as might well happen."

Andover at para. 66.

5. A creditor is materially prejudiced if it will be "substantially or considerably prejudiced if the extension being applied for is granted." This standard exceeds the prejudice to creditors that necessarily and ordinarily arises from proposal proceedings.

Cantrail at para. 21 – 22.

6. The Applicant has acted in good faith and with due diligence as set above and intends to continue to improve its position to the point where a viable proposal can be made to its creditors.
7. During the Extension Period, the Applicant intends to finalize the terms of the Sale with Firepower. This will also allow Applicant to determine and consider a proposal to its creditors and provide a path forward.
8. An extension of the deadline to file a proposal is both just and necessary in the circumstances.

PART 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Bat-Sheva Levy, filed on November 22, 2024;
2. Affidavit #2 of Bat-Sheva Levy, filed on December 04, 2024;
3. Affidavit #3 of Bat-Sheva Levy, made January 10, 2025;
4. Affidavit #1 of Ryan Plener, made on December 03, 2024; and
5. Proposal Trustee 1st Report to Court filed on December 04, 2024.

TO THE PERSONS RECEIVING THIS NOTICE OF MOTION: If you wish to respond to this Notice of Motion, you must, within 5 business days after service of this Notice of Motion or, if this Motion is brought under Rule 9-7, within 8 business days after service of this Notice of Motion,

- (a) file an Application Response in Form 33,
- (b) file the original of every Affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this Application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed Application Response;
 - (ii) a copy of each of the filed Affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;

- (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: January 10, 2025



Signature of ☐ applicant

☒ Lawyer for applicant, Lambda Solutions Inc.
Cody Reedman

SCHEDULE "A"

SERVICE LIST

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|---|---|
| <p>Crowe MacKay & Company Ltd.</p> <p>1100 – 1177 West Hastings Street Vancouver, BC V6E 4T5</p> <p>Attn: Derek Lai & Nelson Allan</p> <p>Email: Derek.Lai@crowemackay.ca; Nelson.Allan@crowemackay.ca</p> <p>Proposal Trustee</p> | <p>Innovative Legal Solutions LLP</p> <p>625 Howe St. #530 Vancouver, BC V6C 2T6</p> <p>Attn: Bonita Lewis-Hand</p> <p>Email: BLewisHand@ilslaw.ca</p> <p>Counsel for Proposal Trustee</p> |
| <p>Lindsay Kenney LLP</p> <p>401 W Georgia St #1500 Vancouver, BC V6B 5A1</p> <p>Attn: Dennis Fitzpatrick</p> <p>Email: dfitzpatrick@lklaw.ca</p> <p>Counsel for Business Development Bank of Canada</p> | <p>Cassels Brock & Blackwell LLP</p> <p>885 W Georgia St #2200 Vancouver, BC V6C 3E8</p> <p>Attn: Vicki Tickle</p> <p>Email: vtickle@cassels.com</p> <p>Counsel for Evergreen GAP Debt GP Inc., as agent for Evergreen GAP Debt LP, by its general partner Evergreen GAP Debt GP Inc., and Firepower GAP Debt II LP, by its general partner Firepower Debt GP Inc.</p> |
| <p>Reedman Law</p> <p>1030 W Georgia St #800a Vancouver, BC V6E 2Y3</p> <p>Attn: Cody Reedman</p> <p>Email: creedman@reedmanlaw.com</p> <p>Counsel for Lambda Solutions Inc.</p> | <p>Office of the Superintendent of Bankruptcy</p> <p>300 West Georgia St, Suite 2000 Vancouver BC V6B 6E1</p> <p>osbservice-bsfservice@ised-isde.gc.ca</p> |

SCHEDULE "B"

District of: British Columbia
Division No.: 03 – Vancouver
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Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY
IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY
ACT, R.S.C. 1985, C. B-3, AS AMENDED

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
LAMBDA SOLUTIONS INC.

BEFORE) TUESDAY, THE 14th DAY
) OF JANUARY, 2025

ORDER

UPON THE MOTION of Lambda Solutions Inc. ("**Lambda**"), coming on for a hearing at Vancouver, British Columbia, on the 14th day of January, 2025; AND ON HEARING Cody G. Reedman, counsel for Lambda, and no one else appearing, AND UPON READING the material filed AND PURSUANT TO the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 as amended (the "**BIA**") and the inherent jurisdiction of this Honourable Court; THIS COURT ORDERS THAT:

Service

1. The time for service of the Notice of Motion and materials referred to herein be and is hereby abridged and the Notice of Motion is properly returnable today.

Extension of Period for Filing Proposal

2. The time for filing a proposal with the Official Receiver under Part III of Division I of the BIA be and is hereby extended to 11:59 p.m. on Friday February 7, 2025.
3. The stay of proceedings under Part III of Division I of the BIA be and is hereby extended to 11:59 p.m. on Friday February 7, 2025.

4. Endorsement of this order by counsel appearing, other than counsel for the Applicant, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Cody G. Reedman
Lawyer for Lambda Solutions Inc.

BY THE COURT

REGISTRAR IN BANKRUPTCY

To be completed by the Court only:
Order made

- ☐ in the terms requested in paragraphs _____ of Part 1 of this Notice of Application
- ☐ with the following variations and additional terms:

Date: _____

Signature of ☐ Judge ☐ Master

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts
- ☒ other: Order to extend the period of time to file or make a proposal

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