



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 hereto 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 February 7, 2025 at 9:45 **am** for the Order(s) set out in Part 1 below.

The applicant estimates that the Application will take 15 minutes.

- ☒ This matter is within the jurisdiction of an Associate Judge (sitting as a Registrar in Bankruptcy)
- ☐ This matter is not within the jurisdiction of an Associate Judge (sitting as a Registrar in Bankruptcy)

Part 1: ORDERS 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") to 11:59 p.m. on February 14, 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.

Overview of the Applicant

1. 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.
2. 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.
3. Lambda serves enterprises, governments, and associations needing integrated training, certification, and professional development tools.
4. 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.

The Applicant's Financial Difficulties and Priority Creditors

5. Lambda's financial difficulties and solvency issues arise from several key factors. These include the inherent challenges of operating as a start-up company while grappling with the effects of the COVID-19 pandemic, ongoing economic downturn, the loss of three major clients, and limited access to funding. Collectively, these challenges have created significant financial uncertainty.
6. Lambda has accrued substantial liabilities. Under a loan agreement dated December 23, 2020, between Lambda, as borrower, and Evergreen Gap Debt LP as agent for itself and on behalf of Firepower Gap Debt II LP (collectively, "**Firepower**"), as lender, Firepower extended a loan with a principal amount of \$2.5 million (the "**Loan**"). Firepower holds the position of Lambda's first-ranking senior secured creditor. As of December 3, 2024, Lambda owes Firepower approximately \$1,403,756.16 under the terms of this agreement.
7. Lambda's second-ranking secured creditor is the Business Development Bank of Canada ("**BDC**").

Attempted Sale Processes and Exposure to the Market

8. The Applicant initiated an extensive sales process in 2023 to address debts owed to creditors. Lambda undertook a comprehensive and structured effort to market the business to potential purchasers, with the process running from January to November 2023 (the "**2023 Sales Process**").
9. Details about the opportunity to acquire the business were shared with over 300 contacts, and the Applicant established a due diligence data room, granting access to 35 potential purchasers who signed nondisclosure agreements.
10. By November 2023, after engaging with 15 interested parties and receiving two letters of intent, the Applicant exhausted all avenues for selling its business, with no definitive or binding agreements reached.

11. As the 2023 Sales Process was unsuccessful, the Applicant commenced a subsequent sales process starting in or around January 2024 and concluding in or around August 2024 (the **"2024 Sales Process"**).
12. The 2023 Sales Process and the 2024 Sales Process are herein collectively referred to as the Sales Processes.
13. During the 2024 Sales Process, the Applicant engaged in meetings with prospective buyers, and in June 2024, a letter of intent was received from one party. However, despite negotiation efforts, the parties were unable to finalize a definitive and binding agreement.
14. The 2024 Sale Process, like its predecessor, was unsuccessful in securing a buyer.

Notice of Intention to Make a Proposal and Subsequent Stay of Proceedings

15. Given the unsuccessful outcome of the Sale Processes, the Applicant determined that the most prudent course of action was to initiate a prepackaged sale of particular assets of Lambda (the **"Purchased Assets"**) to a prospective purchaser.
16. On November 4, 2024, to facilitate the sale of the Purchased Assets, the Applicant filed a Notice of Intention to Make a Proposal (**"NOI"**) with the Office of the Superintendent of Bankruptcy Canada, appointing Crowe MacKay & Company Ltd (the **"Proposal Trustee"**).
17. Pursuant to section 50.4(8) of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3 (the **"BIA"**), the initial stay period in the proposal proceedings was from November 1, 2024, to December 1, 2024 (the **"Initial Stay Period"**).
18. During the Initial Stay Period, the Applicant began substantive discussions with Firepower regarding a sale of the Purchased Assets (the **"Sale"**). However, additional time was required to facilitate a more thorough and detailed negotiation of the commercial terms.
19. For this purpose, the Applicant obtained an order on December 04, 2024, for the extension of the Initial Stay Period under Part III, Division 1 of the BIA to January 15, 2025, at 11:59 pm. (the **"Extended Stay Period"**).
20. During the Extended Stay Period, on or around January 8, 2025, the Applicant and Firepower reached an agreement regarding the terms of the Sale. Additional time was needed to formalize these terms within an asset purchase agreement (the **"APA"**) and finalize contractual obligations to the mutual satisfaction of both parties.
21. Subsequently, on January 14, 2025, the Applicant sought an order extending the Extended Stay Period and the time for the filing of the Applicant's proposal under Part III, Division 1 of the BIA by twenty-eight (28) days to 11:59 p.m. on February 07, 2025 (the **"Further Extended Stay Period"**).
22. The Further Extended Stay Period was granted on January 14, 2025, with the consent of Firepower and the Proposal Trustee.
23. During the Further Extended Stay Period, the Applicant and Firepower have made significant progress in finalizing the terms of the Sale. Legal counsel to Firepower prepared

the initial draft of the APA, which has since been circulated and is currently under review by Lambda.

24. The Applicant, Firepower and the Proposal Trustee have engaged in thorough discussions regarding agreeable terms and points of contention, addressing employee retention, excluded liabilities, administrative fees and an agreeable purchase price.
25. While the APA has been drafted and circulated, additional time is required to finalize certain minor details, including resolving any outstanding legal and financial considerations. This includes confirming the purchase price of the assets and negotiating further excluded liabilities.
26. Once the APA has been finalized, the Company can consider the terms of a proposal to creditors.
27. In view of the substantial progress achieved and the imminent finalization of the APA, the Applicant respectfully requests a brief extension of the stay period and the time for the filing of the Applicant's proposal under Part III, Division 1 of the BIA by an additional week, until 11:59 p.m. on February 14, 2025.
28. The requested extension is fully supported by Firepower and the Proposal Trustee.

Part 3: LEGAL BASIS

29. 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 materially prejudiced if the extension being applied for were granted.
30. To establish that the debtor is acting in good faith and with due diligence, it is sufficient to demonstrate that, prior to presenting a potentially viable proposal, the debtor has acted in good faith. Furthermore, during the process of advancing the proposal, the debtor must refrain from any conduct suggesting bad faith and must take meaningful steps toward finalizing the proposal. A debtor who demonstrates "some diligence" will satisfy the requirement under section 50.4(9)(a).

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

31. Where a debtor has committed to substantial work in effort to advance a viable proposal, the debtor can be said to be acting with due diligence.

Royalton Banquet and Convention Centre Ltd. (Re), 2007 CanLII 21970 (ON SC) at para. 16.
Atlantic Sea Cucumber Limited (re), 2023 NSSC 238 at para. 22.

32. The insolvent person would likely be able to make a viable proposal when the proposal is feasible and practicable from an economic standpoint.

*In the Matter of the Proposal of
Cantrail Coach Lines Ltd., 2005 BCSC 351 [Cantrail] at para 19.*

33. A creditor is materially prejudiced if it will be "substantially or considerably prejudiced if the extension being applied for his granted." Material prejudice exceeds minor inconvenience and implies a tangible negative impact on the creditor's ability to recover or protect their interests.

Cantrail at paras. 21 - 22.

34. The Applicant has exhibited good faith and due diligence in both prior to and in advancing its proposal, as demonstrated by its sustained efforts to resolve its financial challenges.
35. Despite the unsuccessful outcome of the Sales Processes, Lambda continued negotiations with Firepower, ultimately reaching an agreement on the terms of the Sale in January 2025. The preparation and circulation of the APA, along with ongoing discussions to finalize its terms, highlight the Applicant's commitment to progressing toward a resolution. Additionally, Lambda has provided compelling evidence of its efforts and has refrained from any conduct suggestive of bad faith.
36. The parties have largely agreed on the terms of the Sale, with only a few minor details remaining for finalization.
37. Once the sale has completed, the Company will be in a position to consider a viable proposal to its creditors.
38. Lastly, no creditor will be materially prejudiced by the granting of the extension, nor will the extension result in additional financial loss or undue delay to creditors.
39. On the contrary, the extension will increase the likelihood of the completion of the sale of the Purchased Assets.
40. The alternative, denying the extension, could force the Applicant into a liquidation, which may result in lower recoveries for creditors.
41. In consideration of the above, the Applicant respectfully requests a brief extension of the stay period and the time for filing the proposal under Part III, Division 1 of the Bankruptcy and Insolvency Act, for an addition time, until 11:59 p.m. on February 14, 2025.

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 #4 of Bat-Sheva Levy made on February 4, 2025;
5. Affidavit #1 of Ryan Plener, made on December 03, 2024; and
6. Proposal Trustee 1st Report to Court filed on December 04, 2024.

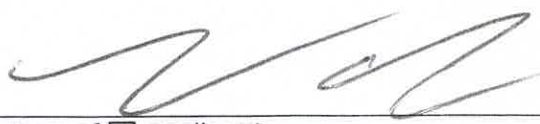
TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this Notice of Application, you must, within 5 business days after service of this Notice of Application or, if this Application is brought under Rule 9-7, within 8 business days after service of this Notice of Application,

file an Application Response in Form 33,

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 serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
- (iii) a copy of the filed Application Response;
- (iv) 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;
- (v) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: February 05, 2025


Signature of ☐ applicant
☒ Lawyer for applicant
Cody Reedman

Cody Reedman

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 ☐ Associate Judge

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
- ☐ none of the above

SCHEDULE "A"
Service List

<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"
ORDER

District of: British Columbia
Division No.: 03 – Vancouver
Court No.: B240436
Estate No.: 11-3149370
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 THE)	FRIDAY, THE 7 th DAY
)	
)	OF FEBRUARY 2025

ORDER

UPON THE MOTION of Lambda Solutions Inc. ("**Lambda**"), coming on for a hearing at Vancouver, British Columbia, on the 7th day of February 2025; AND ON HEARING Cody G. Reedman and Nonye Ngwaba articling student, counsel for Lambda, those other counsel listed in Schedule "A" hereto; 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**");

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 14, 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 14, 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