

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

N°: 500-11-049737-154

DATE : May 25, 2017

IN THE PRESENCE OF: THE HONOURABLE JEAN-FRANÇOIS MICHAUD, J.S.C.

**IN THE MATTER OF THE *COMPAGNIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED:**

9354-9186 QUEBEC INC. (FORMERLY BLUBERI GAMING TECHNOLOGIES INC.)

- and -

9354-9178 QUEBEC INC. (FORMERLY BLUBERI GROUP INC.)

Applicants

and

ERNST & YOUNG INC.

Monitor

and

BLUBERI USA, INC.

Mis en cause

JUDGMENT (Order for Extension of the Stay Period)

[1] Since November 2015, this Court has been supervising the proceedings filed by the Applicants under the *Companies' Creditors Arrangement Act*¹ (the "**CCAA**") (the "**CCAA Proceedings**").

[2] A sale solicitation process was duly authorized, which led to the sale of the Applicants' assets, as well as the capital shares of Bluberi USA, Inc., to their principal secured creditor, Callidus Capital Corporation ("**Callidus**"), and the related Asset Purchase Agreement (the "**APA**"), approved by this Court.

[3] The Applicants' only remaining assets are the Bluberi Retained Claims, as defined in the APA, which include a claim for damages against Callidus for a substantial amount.

[4] In order to proceed with the Bluberi Retained Claims, the Applicants need to retain the services of a lawyer and make the necessary financing arrangements. They already have initiated those steps, but still need more time to finalize same.

[5] They have also contacted an expert in damages appraisal who already began his analysis of the relevant documentation. The final decision with respect to this course of action is still subject to further analysis and consideration. Hence, the Application for the Issuance of an Order Extending the Stay of Proceedings (the "**Application**") filed by the Applicants.

[6] As appears from the Monitor's report dated May 10, 2017, the Monitor supports the Application.

[7] For its part, Callidus contests the Application essentially on the basis that the CCAA process is not appropriate when the most important remaining asset is a very litigious claim. It submits that the *Bankruptcy and Insolvency Act*² is a less expensive process and, in the present circumstances, is more appropriate.

[8] This Court is of the opinion that the Application must be granted for the following reasons:

- a) In any event, the Monitor needs additional time to complete his administration, including:
 - Management of the remaining balance of \$626,882 of the PP Cash Amount (as defined in the APA) in accordance with the terms of section 5.5 of the APA, including the preparation of a final statement detailing the use of the funds held as such and its release to Callidus;
 - Payment of all outstanding post-filing accounts payables and ensuring that all cheques in circulation and other current obligations of the Applicants' entities are duly satisfied;
 - Filing of the 2016 Canadian tax returns for each of the former Bluberi's entities; and

² R.S.C. 1985, c. B-3.

- Termination of the U.S. Chapter 15 Proceedings.
- b) The Applicants also need more time to finalize their detailed action plan and conclude the related agreements in order to proceed with the Bluberi Retained Claims, including securing the necessary financing with an investor. Hopefully, this will permit paying dividends to the Applicants' creditors;
- c) No parties will be prejudiced by a further extension of the Stay Period;
- d) The Applicants' principal shareholder and director, Mr. Gérald Duhamel, undertakes to assume all the costs and fees related to such an extension;
- e) The undersigned has been supervising the Applicants' CCAA Proceedings since November 2015 and, therefore, it is certainly more efficient to complete the above under the continued undersigned's supervision;
- f) Callidus' opposition to the Application appears to be motivated more by its interest in delaying the process, especially since it will be the defendant party under the most important claim of the Bluberi Retained Claims.

[9] In conclusion, the Court will grant the Application and the Stay Period will be extended to September 6, 2017, at which time the Applicants will report on their proposed plan of action, which should also be notified to their creditors.

FOR THESE REASONS, THE COURT:

[10] **GRANTS** the Application for the Issuance of an Order Extending the Stay of Proceedings (the "**Application**");

[11] **DECLARES** valid and sufficient the service and notice of the Application on all persons and **DISPENSES** with any further requirements for service or notice thereof;

[12] **DECLARES** that all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Initial Order, as amended and restated, or, otherwise, in the Application;

[13] **ORDERS** and **DECLARES** that the Stay Period (as defined in the Initial Order granted by this Honourable Court in this matter, on November 12, 2015, as amended) is extended until September 6, 2017, the whole subject to all the other terms of the Initial Order, as amended;

[14] **TAKES ACT** that Mr. Gérald Duhamel undertakes to assume all the costs and fees related to the continuation of the CCAA Proceedings and the extension of the Stay Period;

[15] **DECLARES** that the Monitor is dispensed from filing any further reports required by Section 23.1 d)ii) of the CCAA until the expiration of the Stay Period;

[16] **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security;

[17] **THE WHOLE** without costs.


JEAN-FRANÇOIS MICHAUD, J.S.C.

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Date of hearing: May 11, 2017