



This is the 9th affidavit  
of Peter Kravitz in this case  
and was made on January 12, 2024

No. S235288  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

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

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF NEXTPOINT  
FINANCIAL, INC. AND THOSE PARTIES LISTED ON SCHEDULE "A"

PETITIONERS

**AFFIDAVIT**

I, Peter Kravitz, of 2360 Corporate Circle, Suite 340, Henderson, Nevada 89074,  
professional fiduciary, AFFIRM THAT:

1. I am the Chief Restructuring Officer of the Petitioners and as such I have personal knowledge of the facts and matters to which I depose in this affidavit, except where stated to be based on information and belief, and where so stated, I verily believe them to be true.
2. All capitalized terms used, but not otherwise defined herein have the meanings given to them in my First Affidavit, sworn July 25, 2023.
3. I make this affidavit in support of the application by NextPoint Financial, Inc. ("**NextPoint**") and LoanMe LLC and LM Retention Holdings, LLC (the "**Loan Me Entities**") and NPI Holdco LLC, NPLM Holdco LLC, MMS Servicing LLC, LoanMe Funding, LLC, LoanMe Stores LLC, LM BP Holdings, LLC, InsightsLogic LLC and LM 2020 CM I SPE, LLC (collectively, the "**Remaining Entities**" and together with NextPoint and the LoanMe Entities, the "**Remaining Petitioners**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") seeking:
  - (a) an order authorizing and directing the Remaining Petitioners to distribute the Residual Assets and Cash (as hereinafter defined);
  - (b) an order authorizing, but not directing, the Monitor to file an assignment in bankruptcy on behalf of NextPoint under the *Bankruptcy and Insolvency Act* (the "**BIA**");

- (c) an order authorizing, but not directing, the CRO to commence such proceedings and take such action on behalf of the LoanMe Entities as may be appropriate or advisable for their wind-down;
- (d) an order authorizing the CRO to file certificates of dissolution on behalf of the Remaining Entities;
- (e) an order approving the fees and disbursements of the Monitor and the Monitor's counsel;
- (f) an order discharging and releasing the Monitor, the Monitor's counsel and the CRO;
- (g) an order releasing the Interim Lender's Charge, the CRO Charge, the Director's Charge, the Administration Charge, the Franchisee Lender Charge and the Intercompany Charge (each as defined in Amended and Restated Initial Order dated August 3, 2023); and
- (h) an order terminating the CCAA proceedings.

#### **Status of the Transaction Agreement**

4. On October 31, 2023, the Court granted an Order (the "**RVO**") which, among other things:
  - (a) approved the transaction agreement between the Petitioners and the BP Lenders (the "**Transaction Agreement**") pursuant to which BP Commercial Funding Trust, Series SPL-X acquired Liberty Tax and Community Tax through a reverse vesting order transaction;
  - (b) vested the non-acquired property of Liberty Tax and Community Tax in 1000694777 Ontario Limited and 1000694777 USA LLC; and
  - (c) provided releases for various parties, including, but not limited to, Liberty Tax, Community Tax, the Monitor, the CRO, the DIP Lender, the Purchaser, and their respective advisors.
5. The Petitioners sought recognition of the RVO in concurrent proceedings under chapter 15 of title 11 of the United States Bankruptcy Code (the "**Chapter 15 Proceedings**") on November 6, 2023. At the hearing, there was an objection filed by certain parties to area developer agreements (the "**Area Developers**") which could not be addressed in the time available for the hearing. As a result, the Honourable Judge Horan of the United States Bankruptcy Court for the District of Delaware (the "**US Bankruptcy Court**") continued the hearing to December 11, 2023.
6. Following the hearing on November 6, 2023, another area developer filed an objection to the recognition of the RVO. Both objections have since been resolved and withdrawn.

7. On November 14, 2023, the Area Developers filed an application seeking to set aside the disclaimer notices in respect of their area development agreements in the CCAA Proceedings. This application has since been adjourned generally by consent.
8. On November 21, 2023, the Area Developers filed an application for Leave to Appeal the RVO in the British Columbia Court of Appeal (the "**Court of Appeal**"). On November 29, 2023, the Area Developers abandoned their appeal by filing a Notice of Settlement or Abandonment with the Court of Appeal.
9. On December 11, 2023, the US Bankruptcy Court entered an order recognizing and approving, among other relief, the RVO.
10. The Transaction Agreement closed on January 2, 2024. Following closing, in accordance with the terms of the Transaction Agreement, NextPoint continues to hold in escrow, the amount of \$600,000 for the wind down of the Remaining Entities and the professional fees retainers in an segregated escrow bank account (the "**Segregated Funds**").

#### **CRO Activities Since the Initial Filing**

11. The NextPoint Group was undergoing a management transition just prior to the filing of these CCAA proceedings, and an interim CEO had recently been appointed. However, there was a substantial amount of institutional knowledge that was lost in the management transition that related to the Petitioners.
12. As the CRO, I have undertaken, with the assistance of Province and the Petitioners, activities including:
  - (a) reviewing the Petitioners' books and records;
  - (b) meeting with the CEO of NextPoint to determine the status of the various NextPoint Group entities;
  - (c) corresponding with creditors, stakeholders and other interested parties on various matters related to the NextPoint Group;
  - (d) analyzing the Petitioners' historic financial information, including analyzing the Petitioners' liquidity needs and debt capacity;
  - (e) negotiating a restructuring support agreement that provided a secured a senior secured DIP facility to provide adequate funding during the proceedings and provided for a sales process backed by a stalking horse bid to maximize the value of the Petitioners' assets;
  - (f) preparing cash and liquidity forecasts, including a rolling 13-week cash flow forecast, and related variance reports;
  - (g) conducting a sales and marketing process for the Petitioners' assets which included

- (i) researching and identifying potentially interested parties, including certain strategic buyers and financial buyers;
  - (ii) preparing a process summary non-confidential information letter and confidential information memorandum;
  - (iii) contacting various parties to elicit interest in the sale process;
  - (iv) preparing and populating an electronic data site containing information on the Petitioners' assets and operations for prospective purchasers;
  - (v) responding to diligence requests from potential purchasers;
  - (vi) holding discussions with interested purchasers; and
  - (vii) assisting with the negotiation and execution of the transaction agreement for the sale of substantially all of the Petitioner's assets;
- (h) compiling and analyzing the Petitioners' contracts in relation to sales process and potential disclaimers;
- (i) conducting an analysis of the assets and liabilities of the Remaining Petitioners on an entity-by-entity basis, including reconciling amounts owing to creditors and assisting in the claims process with respect to the Remaining Petitioners' pre-filing creditors; and
- (j) assisting in the formation of a wind-down plan for the Remaining Petitioners.
13. Because of the management transition that took place immediately before the Initial Filing, significant professional time and resources have been allocated to understanding the assets and liabilities of the LoanMe Entities in order to complete these CCAA proceedings. Since my appointment as CRO of the NextPoint Group, Province and I have been involved in reviewing the status and corporate histories of all of the LoanMe Entities, together with counsel. In addition, professional time and resources were allocated to understanding the Petitioners' position with respect to the LoanMe Trusts, LoanMe Trust Prime 2018-1 and LoanMe Trust SBL 2019-1, which resulted in the standalone Orders by this Court relating to the LoanMe Trusts in these proceedings.
14. Following the review and investigation of the LoanMe Entities, the Petitioners, with the assistance of their counsel, Province and myself, implemented a negative Claims Process for the LoanMe Entities and began developing a plan of arrangement for the LoanMe Entities.
15. Following the completion of the Transaction Agreement and the determination of the Residual Assets and Cash (as defined further below), the Petitioners determined that a plan of compromise and arrangement was not feasible for the limited amount of the residual assets held by the Remaining Entities.

### **Distribution of the Residual Assets and Cash**

16. It is my understanding that the only remaining assets of the Remaining Petitioners are/will be:
- (a) the amount of \$261,045.44 held by LoanMe LLC; and
  - (b) any amount remaining following payment of wind-down expenses and professional fees from the Segregated Funds held by NextPoint in accordance with the Transaction Agreement; and
  - (c) the interest in LoanMe Trust Prime 2018-1, held by LM Retention Holdings, LLC which has an estimated book value of \$2.7 million and a fair market value of approximately 10-20% of the book value
- (collectively, the "**Residual Assets**").
17. On July 25, 2023, the Petitioners were indebted to the Secured Creditors in the amount of USD\$271.1 million. Since the commencement of the proceedings, the Secured Creditors (in such capacity, the "**Interim Lenders**") advanced an additional USD\$25,000,000 pursuant to the terms of the Interim Facility.
18. Following the closing of the Transaction Agreement, the Remaining Petitioners will still be indebted to the Interim Lenders in the principal amount of USD\$4 million plus interest continuing to accrue under the Interim Facility.
19. The Remaining Petitioners propose to make a final distribution to the Interim Lenders or such other person(s) as the Interim Lenders may direct of the Residual Assets (the "**Distribution**").


### **Wind-down of the Petitioners**

20. Following the closing of the Transaction Agreement and the distribution of the Residual Assets and Cash, the administration of these proceedings will be substantially complete.
21. In order to complete the wind-down of the Petitioners, it is proposed that the following steps be taken:
- (a) The Monitor be authorized to file an assignment in bankruptcy on behalf of NextPoint pursuant to the provisions of the BIA; and
  - (b) The CRO be authorized to commence such proceedings and take such actions on behalf of the LoanMe Entities and the Remaining Entities, as may be appropriate or advisable for their wind-down and/or dissolution.

**Release of Charges and Termination of the CCAA Proceedings**

- 22. Pursuant to the terms of the Interim Facility and the Transaction Agreement, there are amounts held in escrow for the benefit of the restructuring professionals through to the conclusion of these proceedings. Any unused funds at the time of termination held for that purpose are to be returned to the Purchasers. The beneficiaries of the Administration Charge and the CRO Charge are the beneficiaries of these escrowed funds. It is anticipated that the escrowed funds will be sufficient to ensure payment of the professionals through to the time of termination and at such time the Administration Charge and the CRO Charge will not secure any outstanding obligations and can be terminated.
- 23. Since the closing of the Transaction, the Franchisee Lenders Charge and the Intercompany charge no longer secure any obligations of the Remaining Entities and can be discharged.
- 24. Following the completion of the Proposed Distribution and the Monitor and the CRO taking steps to wind-down the Remaining Petitioners, the CCAA proceedings will be substantially complete and the Remaining Petitioners are seeking the Court's approval to terminate the CCAA proceedings.

AFFIRMED BEFORE ME at Clark County  
Nevada, on January 11, 2024.

  
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A Notary Public in and for the State of Nevada.

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**PETER KRAVITZ**



**Schedule "A"**

1. NextPoint Financial, Inc.
2. NPI Holdco LLC

**LoanMe Entities**

1. NPLM Holdco LLC
2. MMS Servicing LLC
3. LoanMe, LLC
4. LoanMe Funding, LLC
5. LM Retention Holdings, LLC
6. LoanMe Stores LLC
7. LM BP Holdings, LLC
8. InsightsLogic LLC
9. LM 2020 CM I SPE, LLC

**Residual Companies**

10. 1000694777 Ontario Limited
11. 1000694777 USA LLC

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**AFFIDAVIT**

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