



No. S-235288
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 APPENDIX "A"**

PETITIONERS

**SUPPLEMENTAL REPORT TO THE
FIFTH REPORT OF THE MONITOR**

November 27, 2023

INTRODUCTION

1. The purpose of this Supplemental Report to the Fifth Report of the Monitor is to provide this Honorable Court with additional information with respect to:
 - a. Disclaimer Notices issued by the Petitioners to Area Developers in respect of AD Agreements; and
 - b. service and notice of the Initial Order in these CCAA Proceedings.
2. This Supplemental Report should be read in conjunction with the Fifth Report of the Monitor dated November 16, 2023 (the “**Fifth Report**”) and all capitalized terms not otherwise defined herein are as defined in the Fifth Report.
3. The terms of reference for this Supplemental Report are as described in paragraphs 14 to 18 of the Fifth Report.

PROCEDURAL CONTEXT

4. As described in the Fourth Report of the Monitor dated October 27, 2023 (the “**Fourth Report**”), on October 20, 2023, the Petitioners, in consultation with the Monitor, issued disclaimer notices pursuant to the CCAA section 32 for 44 real property leases and six operating agreements. These disclaimers were not disputed and became effective November 19, 2023.
5. As described in the Fifth Report, on October 27, 2023, the Petitioners, in consultation with the Monitor, issued disclaimer notices pursuant to the CCAA section 32 for 12 AD Agreements, including four agreements with the Area Developers (the “**Disputed Disclaimer Notices**”). The disclaimers for the other AD Agreements were not disputed and became effective November 26, 2023.
6. As noted in the Fifth Report, on October 31, 2023, the Area Developers filed an objection to the US Bankruptcy Court recognizing the RVO made October 31, 2023. That objection

came on for hearing on November 6, 2023, but the court ran out of time, and in order to allow time for this objection to be heard, the Petitioners and the Area Developers continued the RVO recognition hearing to Monday, December 11, 2023.

7. On November 14, 2023, the Area Developers filed an application seeking an order, among other things, setting aside the Disputed Disclaimer Notices and a declaration that those AD Agreements continue. This application is set for hearing before Madam Justice Fitzpatrick on December 18 and 19, 2023. Counsel for the AD Developers has advised that further materials are forthcoming regarding this application.
8. On November 21, the Area Developers delivered an application seeking leave to appeal the RVO.
9. On November 23, 2023, the Court of Appeal directed that, among other things, the leave application will be heard on December 6, 2023, by a division of the Court of Appeal with materials being delivered prior to December 4 so that the appeal can also be heard on December 6, if the division considers it appropriate.
10. On November 24, 2023, the Monitor was advised that the Appellants had requested an adjournment of the December 11, 2023 hearing before the US Bankruptcy Court on the basis the Appellants believe their proposed appeal requires a final decision before US recognition.

ADDITIONAL INFORMATION REGARDING DISCLAIMER NOTICES

11. The Monitor may provide additional comments regarding the Disputed Disclaimer Notices for the forthcoming application following delivery of materials by the AD Developers and the Petitioners. However, the Monitor provides these initial comments regarding the disclaimer notices delivered, including the Disputed Disclaimer Notices.
12. As noted in the Fourth Report and the Fifth Report, the Petitioners, with the consent of the Monitor, delivered various disclaimer notices in these proceedings, including the

Disputed Disclaimer Notices. For all disclaimer notices issued, the Monitor reviewed and considered the proposed disclaimers, in accordance with its duties under the CCAA and orders of this Court, including the SARIO.

13. Specifically regarding the Disputed Disclaimer Notices, this review included, among other things, the following:

- a. reviewing the initial fees paid by the counterparty, including the applicable Area Developer and the amounts paid by the Petitioners in respect of the AD Agreements since their inception;
- b. inquiring with Management regarding the position of the AD Agreements and the applicable counterparties, including the Area Developers;
- c. inquiring with Management regarding the potential for undue financial hardship to any of the counterparties, including the Area Developers that may result from the proposed disclaimers;
- d. confirming that the AD Agreements are to be excluded contracts under the Transaction Agreement and, pursuant to the RVO, are to be transferred to US ResidualCo; and
- e. considering the economic impact on the counterparties, including the Area Developers, of the disclaimers as compared to alternative treatments other than an RVO, including a potential asset transaction. Based on discussions with the Petitioners and the purchaser, the Monitor concluded that such agreements would not be acquired under any alternative transaction structure.

14. Similarly, the Monitor's analysis of the RVO described in the Fourth Report included consideration of whether the RVO structure produced an economic result at least as favourable as any viable alternative and whether any stakeholder would be worse off under the RVO structure than any other viable alternative. In doing so, the Monitor

considered the relative treatment of excluded liabilities (including those arising from the AD Agreements) under the RVO structure as compared to their treatment in an asset transaction and concluded that the economic impact of the RVO structure on the Area Developers was the same as an asset transaction, i.e. the Area Developers' agreements would not be acquired, and there would be no recovery for any claims arising from the disclaimer or non-fulfillment of those agreements.

15. Overall, based on the review and analysis summarized above, the Monitor concluded that it was necessary and appropriate to issue the disclaimer notices, including the Disputed Disclaimer Notices and recommended that this Honourable Court approve the RVO.

COMMUNICATIONS WITH STAKEHOLDERS

16. The Initial Order, as later amended, provides that the Monitor will provide any creditor with information provided by the Petitioners in response to reasonable requests for information. It is also the Monitor's practice to respond to stakeholder inquiries and requests when received.
17. The Monitor has not received any inquiries or requests for information from the Area Developers or their counsel regarding the RVO, the Disputed Disclaimer Notices or any of the Monitor's reports.

SERVICE AND NOTICE

18. In their materials, the Area Developers have expressed concern regarding notice. Accordingly, the Monitor provides these additional comments regarding service and notice in these proceedings.
19. The Monitor has fulfilled all of its notice obligations pursuant to the CCAA and orders of this Court, including the Initial Order. In particular, the Monitor has:
 - a. published the Initial Order in the Globe and Mail newspaper on July 28, 2023;

- b. promptly made the Initial Order (and all other materials delivered to the service list in these proceedings) available through the Monitor's website;
- c. although not specified in the Initial Order, the Monitor's website includes a link to the site maintained by the US noticing agent, Stretto regarding the Chapter 15 recognition proceedings, and the Stretto website contains a link to the Monitor's website;
- d. sent a notice to every known creditor who has a claim against the Petitioners of more than \$1,000 on July 28, 2023; and
- e. throughout these proceedings, maintained a service list, which was posted to the Monitor's website. The service list has been updated from time to time to include any parties that have requested to be added and the updated service list is made available on the Monitor's website. On November 21, 2023, the Area Developers' Canadian counsel requested to be added and the Monitor updated the service list.

All of which is respectfully submitted this November 27, 2023.

FTI Consulting Canada Inc.
in its capacity as Monitor of the Petitioners



Tom Powell
Senior Managing Director



Craig Munro
Managing Director

Appendix A

List of Petitioners

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

Liberty Tax Entities

3. LT Holdco, LLC
4. LT Intermediate Holdco, LLC
5. SiempreTax+ LLC
6. JTH Tax LLC
7. Liberty Tax Holding Corporation
8. Liberty Tax Service, Inc.
9. JTH Financial, LLC
10. JTH Properties 1632, LLC
11. Liberty Credit Repair, LLC
12. Wefile LLC
13. JTH Tax Office Properties, LLC
14. LTS Software LLC
15. JTH Court Plaza, LLC
16. 360 Accounting Solutions, LLC
17. LTS Properties, LLC

Community Tax Entities

18. CTAX Acquisition LLC
19. Community Tax Puerto Rico LLC
20. Community Tax LLC

LoanMe Entities

21. NPLM Holdco LLC
22. MMS Servicing LLC
23. LoanMe, LLC
24. LoanMe Funding, LLC
25. LM Retention Holdings, LLC
26. LoanMe Stores LLC
27. InsightsLogic LLC
28. LM 2020 CM I SPE, LLC
29. LM BP Holdings, LLC