SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

COUNSEL SLIP / ENDORSEMENT

COURT FILE NO.: **CL-26-00000261-0000** **DATE:** **July 10, 2026**

REGISTRAR: **F. Ablona**

NO. ON LIST: **02**

TITLE OF PROCEEDING: 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 OR ARRANGEMENT OF PAYSTONE HOLDINGS INC., PAYSTONE INC., ATOM GROWTH INC., and ATOM GROWTH (USA), INC.

BEFORE: JUSTICE FL MYERS

PARTICIPANT INFORMATION

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ENDORSEMENT OF JUSTICE FL MYERS:

1. Mr. Wasserman, for the Monitor, went out of his way to compliment the principal actors in the negotiation and agreement to the orders sought today. The cooperation is admirable and appreciated by all with interests in a positive outcome. Counsel could not resist reserving their clients' respective rights. So the potential downside is covered too.
2. The debtor seeks an extension of the stay with a small DIP loan on favourable terms to see it through a sale process proposed today by the Monitor. Sandton is the DIP lender and consents to being primed by its own DIP of course.
3. The debtor also seeks a charge in favour of The Bank of Nova Scotia for $5 million to protect it from risk in continuing to do business with the debtor in respect of credit card sales. Normally, I would expect the granting of a charge to be accompanied by a concomitant obligation on the recipient to supply. That's the whole point of a critical supplier order – to ensure supply from someone who is not necessarily obliged to supply going forward. It is often accompanied by payment of some of the pre-filing claims of the critical supplier – because its goods or services are so important that the debtor cannot live without them and must knuckle under to the supplier's preferential demand.
4. Here Scotiabank is not being required to supply. I am not finding that it has the right to refuse or to discontinue supply. That would be for another day if necessary. But the debtor, the Monitor, and Sandton are content that Scotiabank will continue

to supply in return for its priority charge. It is noteworthy that to save the business from loss of a critical supplier, Sandton is willing to step back from its priority even for its new DIP loan. It seems that it is willing to take helpful steps to support the successful resolution of this proceeding (and its bark may be worse than its bite perhaps).

5. The SISP proposed by the Monitor is not opposed. BDC and Sandton will have consultation roles to ensure that the process is transparent and value-maximizing. I have concerns about Sandton having a right to credit bid after the process rather than as part of the process. But the elimination of its initial veto right on the Monitor accepting a proposed purchaser limits the risk for abuse.

6. The Monitor is given the additional powers it seeks to run the SISP. The court and all interested parties are counting on it to carry out its duties with the strict neutrality required of a court officer. I know the Monitor and its counsel are very aware of Justice Farley's famous admonition in *Confederation Treasury Services Ltd., Re*, 1995 CanLII 7386 (ON SC), at para. 14:

> The trustee is an impartial officer of the Court; woe be to it if it does not act impartially towards the creditors of the estate.

7. I agree with the Monitor's counsel that all the criteria discussed in *Nortel Networks Corp. (Re)*, (2009), 2009 CanLII 39492 (ON SC) at paras. 48-49, are present in this case. A sales process is required to try to maximize the value of the business while saving the going concern if possible. It is important here especially due to the stutter step caused by the prior unsuccessful effort by the debtor to approve a quick flip to its management. The market will benefit from the transparency provided by the Monitor in particular.

8. It appears that management is likely to bid in the new process. That puts them in a conflict of interest in that the Monitor may be calling on them for information sought by other bidders. The initial order already requires the debtor to provide documents to the Monitor. Should the Monitor become concerned with the pace or flow of information for any reason whatsoever, it may convene a case conference on

short notice. All parties and stakeholders are advised that at any such case conference I expect to resolve any concerns about the flow of information to the Monitor summarily under Rule 50.13 (6) of the *Rules of Civil Procedure*, RRO 1990 Reg 194.

9. In any event, it is in management's interest to be fully cooperative so that the fairness and integrity of the sale process is not criticized in the event that management's bid is brought forward for approval.

10. The orders sought are fair and reasonable. The debtor is proceeding in good faith and with due diligence.

11. Orders signed as asked.

FL Myers J.

FL Myers J.

Justice FL Myers

Digitally signed by Justice FL Myers
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