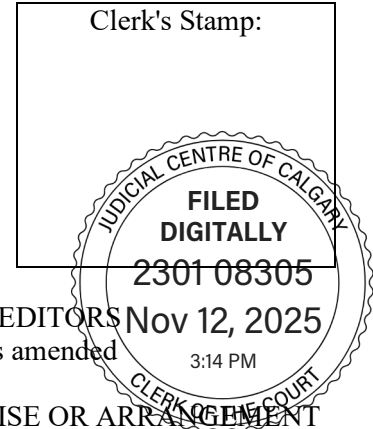


COURT FILE NUMBER	2301-08305
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
RESPONDANTS	IN THE MATTER OF THE COMPANIES' CREDITORS' ARRANGEMENT ACT, RSC 1985, c. C-36, as amended AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF WALLACE & CAREY INC., LOUDON BROS LIMITED and CAREY MANAGEMENT INC.
APPLICANTS	DIGIFLEX INFORMATION SYSTEMS INC. and MOHAMAD Z. MARDUKHI
DOCUMENT	AFFIDAVIT
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Burnet, Duckworth & Palmer LLP 2400, 525 – 8 Avenue SW Calgary, Alberta T2P 1G1 Lawyer: Chelsea Nimmo Phone Number: (403) 260-0102 Fax Number: (403) 260-0332 Email Address: cnimmo@bdplaw.com File No. 79894-1



AFFIDAVIT OF JENNIFER ALLEN

Affirmed on November 12, 2025

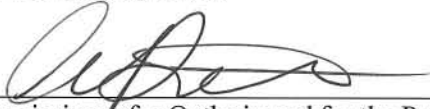
I, Jennifer Allen of Calgary, Alberta, AFFIRM AND SAY THAT:

I am a Legal Assistant at Burnet, Duckworth, and Palmer LLP (**BD&P**), counsel of record for Digiflex Information Systems Inc. and Mohamad Z. Mardukhi (collectively, **Digiflex**), and have personal knowledge of the matters deposed to herein:

1. Attached as **Exhibit "A"** to this Affidavit is a copy of the Court of King's Bench of Alberta Proceeding Transcripts from August 18, 2025, from the within action;
2. Attached as **Exhibit "B"** to this Affidavit is a copy of the Court of King's Bench of Alberta Proceeding Transcripts from September 19, 2025, from the within action;

3. Attached as **Exhibit "C"** to this Affidavit is a copy of Digiflex's Certified Statement of Claim filed in the Federal Court of Canada (Court File No. T-4453-25) wherein Digiflex alleges that 7-Eleven Inc., 7-Eleven Canada Inc., and 7-Eleven Distribution Canada Corporation, infringes Digiflex's copyrighted software, filed November 6, 2025;
4. On November 11, 2025, I went to the website www.sedcc.ca and took a screenshot of the main website page which I attach hereto as **Exhibit "D"**; and
5. On November 11, 2025, I went to the website <http://www.wacl.com> and took a screen shot of the main website page, which I attach hereto as **Exhibit "E"**.

AFFIRMED BEFORE ME at the City of)
 Calgary, in the Province of Alberta, this 12th)
 day of November, 2025.)



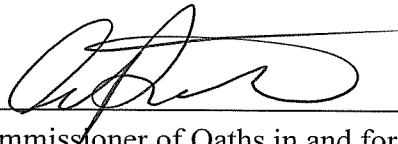
A Commissioner for Oaths in and for the Province
 of Alberta.

AISIA ANNE ROBERTS
 A Commissioner For Oaths
 in and for the Province of Alberta
 My Commission Expires September 20, 2028



Jennifer Allen

This is Exhibit "A", referred to in the Affidavit
of Jennifer Allen, affirmed before me on the
12th day of November , 2025.



A Commissioner of Oaths in and for
the Province of Alberta

AISIA ANNE ROBERTS
A Commissioner For Oaths
In and for the Province of Alberta
My Commission Expires September 26, 2028

Action No.: 2301-08305
E-File No.: CVK25WALLACE
Appeal No.: _____

IN THE COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
RSC 1985, c. C-36, as amended

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF
WALLACE & CAREY INC., LOUDON BROS LIMITED, and CAREY
MANAGEMENT INC.

P R O C E E D I N G S

Calgary, Alberta
August 18, 2025

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Phone: (403) 297-7392
Email: TMS.Calgary@just.gov.ab.ca

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Proceedings taken in the Court of King's Bench of Alberta, Courthouse, Calgary, Alberta

August 18, 2025

Afternoon Session

The Honourable Justice M.A. Marion

Court of King's Bench of Alberta

P. Takhar (remote appearance)

For Wallace & Carey Inc., Loudon Brothers Limited, Carey Management Inc.

J. Reid (remote appearance)

For Wallace & Carey Inc., Loudon Brothers Limited, Carey Management Inc.

C. J. Hunter (remote appearance)

For 7-Eleven Inc.

J.L. Oliver (remote appearance)

For Cassles Bocket & Blackwell LLP

(No Counsel)

For DigiFlex Information Systems Inc.

A. Welch (remote appearance)

For the Attorney General for British Columbia, the Province of British Columbia

N. Sutherland (remote appearance)

For Alberta Justice

L. Friesenhan (remote appearance)

For Alberta Justice

R. Sorgiovanni (remote appearance)

For Alberta Justice

J. Stopforth

Court Clerk

Submissions by Ms. Takhar (Stay Extension)

MS. TAKHAR:

Justice, (INDISCERNIBLE) period commenced

on November 21st, 2023, with a TSA term, being fifteen months, for the Alberta and British Columbia business, and nine months for the business east of Alberta. These periods were subject to two ninety day extensions at the option of 7-Eleven Canada. 7-Eleven Canada has exercised both options for its eastern Canada business, and both options for its Western Canada business.

On February 7th, 2025, Wallace & Carey, CMI and 7-Eleven Canada entered into an amendment to the TSA to align the TSA expiration dates between the two businesses, and as a result of the P -- of this amendment, the periods of the business now ends -- the TSA period for the business now ends on August 20th, 2025.

7-Eleven, and 7-Eleven Distribution Canada Corp., requires the use of certain enterprise resource planning software and related support services provided by DigiFlex Information Systems Inc. The Monitor obtained a court order requiring DigiFlex to continue to provide the software and services until the expiration of the stay under the amended and restated initial order, and the expiration of the term of the TSA. 7-Eleven, and 7-Eleven

1 Distribution Canada Corporation, required the continued use of its software -- of this
2 software to facilitate the final transition of Wallace & Carey's business. The Monitor and
3 7-Eleven Canada requested that TMI and Wallace & Carey enter into the second
4 amendment to the TSA which is being sought today.

5
6 Justice Marion, with respect to the applicant seeking a short extension, the stay period
7 ending (INDISCERNIBLE), the activities of the CCAA companies since the last day
8 extension are described in affidavit number 8 of Patrick Carey. Since the last stay
9 extension, the applicants have continued to operate Wallace & Carey in the ordinary
10 course as appropriate in the circumstances of these proceedings, and under the Transition
11 Services Agreement. They have continued to pursue the enforcement of litigation claims
12 and judgments for the benefit of all of their stakeholders. They responded to certain
13 Alberta Employment Standards and Alberta Human Rights Commission complaints.
14 They have continued with the realization of the applicant's assets, including CMI's assets
15 in a subsidiary. They are (INDISCERNIBLE) a monitor with monetizing certain assets
16 and further existing assets, and they've also continued to provide services to 7-Eleven
17 Canada in accordance with the terms of the TSA.

18
19 As more particularly described in affidavit number 8 of Pat Carey at paragraph 61, the
20 applicants submit it is necessary and appropriate for an extension for, among other things,
21 to continue to respond to these employment claims, to continue to enforce Wallace &
22 Carey's judgment against Daiken News which is a major asset of the Wallace & Carey
23 estate, continue to assist with 7-Eleven Canada's integration of a logistics business and
24 additionally, the short extension will provide the applicants, 7-Eleven and 7-Eleven
25 Distribution Canada Corp., the Monitor, and all key stakeholders, with time to consult and
26 negotiate an arrangement to continue or conclude the CCAA proceedings.

27
28 This Court has the authority to grant an extension of the stay of proceedings in a CCAA
29 where the Court is satisfied that circumstances exist to make such an order appropriate
30 and the debtor companies have acted, and continue to act, in good faith with due
31 diligence. We submit the test is met. The applicants have been acting, and continue to
32 act, in good faith and it is appropriate in the circumstances to grant an extension of the
33 stay.

34
35 With respect to the applicant's good faith and due diligence, since the granting of the
36 amended and restating initial order, and since the last extension the applicants have
37 worked diligently throughout the CCAA period. As set out in the 17th report of the
38 Monitor at paragraph 7.1, the Monitor supports the stay extension sets out that the
39 applicants are acting in good faith with due diligence, and the Monitor for the reports,
40 given 711's funding obligations under the TSA, the applicants have sufficient liquidity for
41 the short extension to September 30th, 2025.

1
2 We submit this Honourable Court should grant an extension of the stay period up to and
3 including September 30th. We note, again, that this is a short extension that permits
4 consultation with key stakeholders and creditors regarding the continuation of the CCAA
5 proceedings, and that August 26th will be dealt -- will be used to deal with a longer
6 extension which would allow the CCAA proceedings to align with the transition services
7 period.
8

9 Justice Marion, with respect to approval of the second amendment to the TSA, the
10 proposed Form of Order seeks the court approval of a second amendment which would
11 extend the TSA period to February 15th, 2026. The application submitted by the
12 applicants initially proposed an extension to only September 30th, 2025, to align with the
13 current stay extension being sought by the applicants. Through consultation with the
14 Monitor and 7-Eleven Canada, the applicants have revised the relief being sought for any
15 extension of the TSA period to February 15th. We understand there are no creditors of
16 the CCAA proceedings opposing this release of the applicants being sought, and we
17 submit that this is part of the transaction that was already approved by the Court, and it
18 fosters the continuation of the integration of Wallace & Carey's business with 7-Eleven
19 Canada.
20

21 And, Judge Marion, if there are no questions, those are my submissions with respect to
22 the relief being sought by the companies.
23

24 THE COURT: Okay. Thank you. I don't -- I don't have
25 questions, but I want to hear if there's anybody that wishes to speak to your application.
26

27 **Submissions by Mr. Oliver (Stay Extension)**
28

29 MR. OLIVER: Sir, on behalf of the Monitor, Jeffrey Oliver for
30 Cassles.
31

32 As noted in the 17th report, the Monitor is supportive of the stay extension for the reasons
33 noted. I did wish to simply comment that when -- when we return before Justice Simard
34 next week, when my friend was referring to the length of the stay extension, what we're
35 really talking about is whether that stay extension should apply with respect to CMI or
36 not. There's -- the monitor's position is it does need to for a variety of reasons we can
37 canvas before Mr. Justice Simard, and there's -- there's really, from the monitor's
38 perspective though, there -- there is no world in which the stay cannot be extended with
39 respect to the logistics businesses either. It does need to align with the TSA or else there
40 is a risk of significant prejudice to 7-Eleven.
41

1 So that can be dealt with later, but for the time being, the Monitor is supportive of the
2 extension of the stay to September 30th and is also supportive of the approval to the TSA
3 amendment.

4
5 Thank you.

6
7 THE COURT: Anyone else wish to speak to this application?
8

9 **Submissions by Ms. Sutherland (Stay Extension)**
10

11 MS. SUTHERLAND: Good afternoon, Justice Marion.
12

13 THE COURT: Hi.
14

15 MS. SUTHERLAND: For the record, Natasha Sutherland with Alberta
16 Justice appearing on behalf of Alberta Tax and Revenue Administration, one of the
17 fulcrum creditors in these proceedings. Two of my colleagues are also with me this
18 morning, Ms. Lisa Friesenhan and Ms. Rachelle Sergiovanni.
19

20 Just a couple of comments with respect to the relief that's sought. We have no issues with
21 the stay extension until September 30th, of 2025, but we do want to make some
22 comments about the TSA extension.
23

24 Alberta's unable to either agree or oppose that stay extension, because we're missing the
25 necessary information to do so. And I say this because I understand that the companies,
26 as well as the Monitor and 7-Eleven, have been engaged in some negotiations in regards
27 to the TSA extension. Alberta has, unfortunately, not been included in any of those
28 discussions so we're missing some essential information that would allow us to either
29 consent or oppose that extension. Notably, some of the information that Alberta would be
30 looking for would be why the extension is needed, what -- I guess what the holdup is in
31 terms of the timing, why a further six months are required and perhaps most importantly
32 is what is the plan for that six month period? What are -- what are the steps that are going
33 to be taken to bring the TSA to a conclusion at the end of that extension, or are we going
34 to be back here in another six months time seeking additional time to get the TSA
35 concluded?
36

37 So on that basis, Alberta's not able to take a position with respect to the TSA extension
38 this afternoon.
39

40 THE COURT: Okay.
41

1 **Submissions by Mr. Welch (Stay Application)**

2
3 MR. WELCH: Justice, last name Welch, first initial A, on
4 behalf of the province of BC. We would echo the comments of my friends for the Alberta
5 government.

6
7 Just a bit of background here.

8
9 The province of BC is owed \$3.4 million in tobacco taxes, and those tobacco taxes are
10 secured by a point 6 million dollar court-ordered charge against the assets of Carey
11 Management Inc. and the other petitioners. Not -- not just BC's taxes, but all of the
12 tobacco taxes owed to the provinces and territories in Canada.

13
14 The Monitor have made distributions of \$12.41 million pursuant to that tobacco tax
15 charge which, by my math, means there's about 13-and-a half million owing, still owing
16 under the tobacco tax charge. And -- and the Monitor also reports that the other court
17 ordered charges have been paid and so BC submits that, as my friend has alluded to, that
18 makes the provinces and territories the fulcrum creditors in these proceedings, and -- and
19 as fulcrum creditors, one would have expected CD and Alberta to be consulted during
20 these proceedings, but aside from Mr. Reid reaching out to the province one day before
21 7-Eleven served the application materials, the province was not consulted about the relief
22 being sought today. And BC does know that this proposed extension to the TSA is being
23 provided by the petitioners without any consideration being provided by 7-Eleven to that
24 extension. In addition to lack of consideration, BC has some concerns about this
25 proposed extension being a possible reason for a delay of further distributions to the
26 tobacco tax authorities.

27
28 Mr. Oliver, for the Monitor, referenced the issue that will be heard next week, and BC just
29 wanted to put on the record in response to some of the affidavit evidence provided by
30 Patrick Carey in his affidavit number 8, specifically at paragraph 53 of Mr. Carey's
31 affidavit, he states that he is: (as read)

32
33 ... not aware of any creditor who have any objection to CMI (Carey
34 Management Inc.) exiting the CCAA. No creditor has ever suggested to
35 me that CMI needs to be bankrupted.

36
37 The province would like -- BC would like to take this opportunity to put on the record
38 that BC does object to Carey Management Inc. exiting the CCAA until BC has been paid
39 in full for the tobacco taxes it's owed. If there are insufficient assets to pay off the
40 tobacco tax charge, then it would seem logical that Carey Management, and the other
41 petitioner, would be bankrupted so long as the tobacco charge remains in place and -- and

1 in priority during those -- that -- those bankruptcy proceedings.

2
3 So, in summary, those are the -- the submissions BC wanted to make, concerns about the
4 process, and also wanted to correct the record about BC as a creditor.

5
6 Thank you, Justice.

7
8 THE COURT: Okay. Anyone else wish to speak to this
9 application?

10
11 Then I guess I'd like to hear -- I don't believe there's counsel here, but I think someone
12 from DigiFlex is here, and as I see the December consent order of 2024, DigiFlex's period
13 of time that it is compelled to continue providing certain services is tied to both the stay
14 period and the term of the TSA. So I'd like to hear from DigiFlex if it has any -- anything
15 it wishes to say.

16
17 **Submissions by Mr. Mardukhhi (Stay Extension)**

18
19 MR. MARDUKHI: Good afternoon, Your Honour. It's Mohammed
20 Mardukhi, president of DigiFlex Information Systems.

21
22 We did raise some serious concerns about six months ago, but we managed to come to a
23 compromise agreement with 7-Eleven, and court the didn't proceed. So I don't know what
24 happened to that document that we provided at the time.

25
26 Our main concern is we believe that 7-Eleven is abusing this CCAA process to continue
27 using our software to which they're not entitled to. For all practical purposes, 7-Eleven --
28 Wallace & Carey no longer exists. All the management have gone. 7-Eleven is -- has
29 been managing Wallace & Carey affairs from Texas, at least in relation to our software,
30 for over a year, and our software was provided to Wallace & Carey over 20 years ago with
31 the condition that it's non-transferrable. So the only way Wallace and 7-Eleven can
32 continue to -- to use our software is if they can prolong this -- keep extending this TSA
33 process, because according to the court order, we are obligated to provide them
34 maintenance services until the TSA expires.

35
36 If the TSA was to expire in two days time as previously scheduled, Wallace and --
37 7-Eleven would not be legally able to use the software, and they would have to purchase a
38 license agreement to continue to use the software, and that soft -- license fee, which
39 would be fairly insignificant for a multi-national corporation, is a very significant amount
40 for us, in the tune of \$3 million.

41

1 So, you know, excuse my non-legalese, but it all appears that 7-Eleven is spending money
2 on lawyers and -- and firms just so that they can avoid paying that license fee.

3
4 And that concludes my comments.

5
6 THE COURT: Okay. Thank you. Anyone else wish to speak
7 to this matter before I hand it over back to counsel for a reply?

8
9 Okay. You're muted.

10
11 MR. REID: I don't wish to steal Ms. Takhar's thunder, but I
12 -- I do have several points of reply if I could, Sir.

13
14 THE COURT: Why don't we have Ms. Takhar first, but she's
15 still muted.

16
17 MS. TAKHAR: Thank you, Justice Marion. And my colleague,
18 Mr. James Reid, will be handling the reply.

19
20 THE COURT: Okay. Mr. Reid?

21
22 **Submissions by Mr. Reid (Stay Extension)(Reply)**

23
24 MR. REID: Thank you, Justice. Pardon me.

25
26 With respect to the extension of the TSA, that seems to be the issue the parties raised, we
27 had reached out to the Provinces of Alberta and BC to see if they did take -- have
28 concerns with the lengthier TSA extension. Possibly incorrectly, it's my understanding
29 that they did not. As a result, we were looking for the full extension to the February date.

30
31 With respect to Mr. Mardukhi and his concern, we -- we had understood that -- that Mr.
32 Mardukhi had been working quite closely with -- with 7-Eleven. Things were quite
33 amicable and that there were no issues. This is the first time we are hearing that maybe
34 that's not the case.

35
36 So I think that at the very least, our original application provided for an extension to
37 September 30th as this TSA is quite critical to 7-Eleven and its business, and it is part of
38 the agreement that was already ordered by this Court. The transaction was already part of
39 this Court, and approved by this Court, to -- to see a conclusion, and that would give all
40 the parties time to review the proposed lengthier extension of the Transition Services
41 Agreement, including Mr. Mardukhi and -- and have further consultations. So in the

1 alternative, if we can't get the full extension to February 15th, we propose at least
2 extension to September 30th to allow for this further complication with the provinces, as
3 well as DigiFlex, to come an amicable resolution.
4

5 THE COURT: Okay. Thank you. Mr. Oliver, you wanted
6 some -- you had something you want to say as well.
7

8 **Submissions by Mr. Oliver (Stay Extension)(Reply)**
9

10 MR. OLIVER: Yes, Sir. There's a -- I believe you are on mute,
11 Sir. Can you hear me now?
12

13 THE COURT: I can hear you, Mr. Oliver.
14

15 MR. OLIVER: Thank you.
16

17 Sir -- sir, there's a -- unfortunately, a fundamental misunderstanding about what's going on
18 and has gone on at the moment. This -- this proceeding is effectively operating with two
19 tracks. The track that the provinces have interest in has nothing to do with the TSA. The
20 track that the province has an interest in are -- is with respect to collections of the Daiken
21 News judgment that is referenced in the materials, and any other asset realization
22 processes that are -- that are going on. The professional fees and the costs that are
23 associated with that process are being paid out of the estate, and my friends are correct,
24 the provinces and the territories are the fulcrum creditors. That means those are costs that
25 they are -- that they're paying.
26

27 On the other side is the TSA process. The TSA process is involved in transitioning the
28 business, which is an extremely complicated logistics business, that at one point in time
29 had revenue of over a billion dollars with around 600 employees from basically Victoria
30 to Oakville, and the costs of that entire exercise are being paid by 7-Eleven for -- and all
31 profits, if any, are on 711's account. So all the professional time and services that are
32 associated with the TSA matter are being paid by 7-Eleven. The costs are not being borne
33 at all by Alberta, British Columbia or any other province.
34

35 So with respect to my friends from the Monitor's perspective, these are separate matters.
36 They are if the -- and there is -- there is no link between them. Time is being separately --
37 separately accounted for.
38

39 So further, Sir, there is no indication here that 7-Eleven is not acting in -- in good faith.
40 The -- so the Monitor's view is it would be preferable to extend the TSA, as requested.
41

1 Finally with respect to Mr. Mardukhi. For your information, Sir, the Monitor was
2 required to bring effectively an emergency application in this matter in order to compel
3 Mr. Mardukhi to continue to provide services to Wallace & Carey during the transition
4 period, because he was effectively threatening to cut them off unless frankly exorbitant
5 fees were payable, or were -- were paid by Wallace & Carey and 7-Eleven funding, and it
6 was only on the eve of that application were we able to arrive at the order that was -- that
7 was reached at. So we had no indication this issue was going to be raised and there is no
8 evidence from him on this -- on this issue. So, again, from the Monitor's perspective, this
9 issue has been addressed and has been -- has been dealt with, and there is a reason that
10 there is an order to compel the provision of service as any risk of interruption is at great
11 risk to 7-Eleven.

12
13 And, finally, if the Provinces, or any other stakeholder, wishes to discuss these matters
14 with the Monitor, of course, they're welcome to reach out, and as we've done -- as we've
15 done in the past, we'll make ourselves available for any discussions.

16
17 Thank you.

18
19 THE COURT: Okay. Other than a statement in an affidavit, or
20 possibly in the Monitor's report, that 7-Eleven has advised it's necessary to continue the
21 TSA, and I understand it's primarily related to ERP software, is there any explanation, any
22 evidence of why that is?

23
24 MR. OLIVER: Not that I can recall, Sir. Then I'll ask for Ms.
25 Hunter to provide her understanding of (INDISCERNIBLE).

26
27 MS. HUNTER: I -- I don't believe that there was anything that
28 we addressed in the Monitor's report, other than unfortunately it is taking much longer
29 than initially anticipated to fully transition the business over. I think, as Mr. Oliver
30 alluded to, this is a complicated logistics business and running across the country, it
31 certainly is, again, more complicated than initially anticipated.

32
33 THE COURT: Okay.

34
35 MR. OLIVER: Also, Sir, I -- I do believe it has been addressed
36 in some prior reports that unfortunately I -- I don't have before me at the moment, but I
37 can see if I can find them.

38
39 THE COURT: Okay. Anyone else wish to speak to this -- this
40 application?
41

1 **Submission by Mr. Mardukhi (Stay Extension)(Reply)**

2

3 MR. MARDUKHI: Mohammed Mardukhi, Your Honour, if I might
4 say something?

5

6 THE COURT: Yes, sir. Go ahead.

7

8 MR. MARDUKHI: On August 8 we sent an -- I sent an email to
9 Wallace & Carey reminding them that our maintenance agreement was about to expire.
10 The last expiry date is September 12th, 2025. It took them a few days to respond and
11 soon after, this application was made to the Court on August 13th. So it's fairly obvious
12 that all of this is related to DigiFlex and none of the other creditors or service providers.
13 And in the Monitor's last report, the word DigiFlex has been mentioned 107 times. This
14 is miniature company, Canadian company that has provided excellent service to Wallace
15 & Carey for over 20 years. We have never had any issues with them, and we consider
16 their current issue to be solely with 7-Eleven, and nothing to do with Wallace & Carey.

17

18 Over a year ago, we sent multiple emails to 7-Eleven in Texas and reminded them that
19 they were not entitled to use our software, because our software is not transferrable. We
20 sent them invoices for license fees and maintenance fees that -- because they never
21 responded to any of our warnings. They ignored our invoices as well and multiple
22 reminders went unanswered, and all of a sudden we were threatened with court action
23 including penalties, financial penalties, and imprisonment for myself.

24

25 So that's where we are. This is a multi-billion dollar company trying to squash or force a
26 small Canadian company to provide services that it no longer believes they are entitled to
27 receive, and I hope that they will stand by the Compromise Agreement that said our
28 maintenance obligations end when the TSA ends.

29

30 Thank you.

31

32 THE COURT: Okay. Thank you, sir. I'll hear the submissions
33 from the other application, or on the other application before I give you my decision on
34 the first application.

35

36 **Submissions by Mr. Oliver (Ratification Application)**

37

38 MR. OLIVER: Thank you, Sir. I'll be as brief as I can. Just for
39 the record, Jeffrey Oliver, counsel to the Monitor, KSV Restructuring Inc.

40

41 This is an application for an order approving and ratifying the actions and conduct and

1 activities of the Monitor as outlines in various reports, as well as approving and ratifying
2 the professional fees and disbursements of the Monitor and its counsel for the period of
3 November 1, 2024, to July 31, 2025, as set out in the 17th report, without the necessity of
4 a formal passing of accounts.

5
6 I'll address service very briefly.

7
8 There is an Affidavit of Service that was sent to you this after -- late this morning from an
9 Angeline Gagnon (phonetic), sworn August 18th. We do undertake to have that filed.

10
11 The -- as my friend indicated, the CCAA proceedings in this matter have been extant for
12 some period of time, since June, of 2023. So the service list is a comprehensive, mature
13 service list. It includes the applicants and their counsel, as well as 7-Eleven Canada,
14 provincial and territorial tax authorities, as well as Canada Revenue Agency and -- and
15 other parties, and PPR registrants. The -- for those parties we had an email address for,
16 they were served on the 13th of August. There were no bounce-backs received. The only
17 parties who received materials by courier are Canada Revenue Agency, Rogers
18 Communication and Coface North American Insurance Company, who is a creditor.
19 Those materials were delivered today. The only party that, in theory, could have an
20 interest would be Canada Revenue Agency, although they have -- they have not appeared
21 on any other application in this matter that at least I can -- I can recall.

22
23 So in the circumstances, Sir, I respectfully submit that service is in order,
24 (INDISCERNIBLE) abridged.

25
26 THE COURT: Can I -- can I just ask you a question, and this
27 would go to -- for both, and I assume you're using the same service list, but I assume
28 DigiFlex is on the service list? He --

29
30 MR. OLIVER: Yes.

31
32 THE COURT: Okay. Okay. Carey on.

33
34 MR. OLIVER: Thank you.

35
36 So, Sir, first of all, the Monitor is seeking approval of -- of its activities. They are
37 summarized in Section 8 of the 17th report of the Monitor. I won't review those in any
38 great detail. You -- you will have seen the report. The Monitor's activities and conduct,
39 as described in the reports, are proper and consistent with its powers under
40 (INDISCERNIBLE) and any subsequent orders issued by the Court in this -- in this
41 proceedings, and in light of that, the Monitor respectfully requests the approval of its

1 conduct and activities as described therein.

2
3 With respect to the professional fees and disbursements for which approval is sought,
4 pursuant to paragraph 31 of the amended and restated order in this matter, the Monitor
5 and its counsel are to be paid their reasonable fees and disbursements at their standard
6 rates and charges, and pursuant to paragraph 32 of the same order, the Monitor and its
7 counsel are to pass their accounts from time to time. The -- therefore, the Monitor is
8 seeking the approval of professional fees for the period of November 1 to July 31 of
9 \$176,946.25, plus disbursements of \$404.96, and GST as well for a total of \$186,218.51.
10 The fees and disbursements of counsel to the Monitor for the same period of time are
11 \$58,705, plus disbursements and GST, for a total of \$62,233.19, and those -- those
12 numbers can be found in Section 9, paragraphs 4 and 5, of the 17th report. And Appendix
13 G to the report contains a list of the -- of the invoices.

14
15 The matters that occurred in that period of time, Sir, included working with the provinces
16 to assist in a distribution to them, documenting and closing the share sale for the Spruce It
17 Up Garden Centre, working together with company counsel on litigation and collection
18 matters, as well as documenting and closing the SEDCC transaction that is referenced in
19 the materials. And there were also three court applications that occurred in that -- in that
20 period of time.

21
22 It's the Monitor's view that the fees and disbursements of the Monitor and its counsel
23 accurately reflect the work performed and that they're fair and reasonable and justified in
24 these circumstances, and are commensurate with the work performed and were reasonable
25 and necessary. I'm not aware of any opposition to the Monitor's application, Sir, and in
26 light of that, I'd be happy to answer any questions that you might have.

27
28 THE COURT: Okay. Thank you. I did -- I did review the
29 Monitor's report and the -- the summary of the fees, and I'm just wondering if there's
30 anyone that wishes the speak to this matter? To this application? Going once, going
31 twice.

32
33 And, Mr. Oliver, am I right that the -- that maybe there's -- there's a split that's not
34 apparent to me, but who's paying? Where is the money coming from? 711's paying, I
35 assume, some of it or all of it. So can you clarify that for me?

36
37 **Submissions by Mr. Oliver (Ratification Application)**

38
39 MR. OLIVER: So these -- these fees are fees that are paid from
40 the estate.
41

1 THE COURT: Okay.

2

3 MR. OLIVER: To the extent that the work related to the -- that
4 the work relates to matters in which there is no benefit to the estate, they're paid by
5 7-Eleven. So, for example, on the -- on the SEDCC transaction, there was a benefit to the
6 estate in that. So the estate paid.

7

8 THE COURT: Okay. And the breakdown, I'm not sure it's
9 particularly important, but I'm -- the breakdown of fees doesn't break them down as to
10 where the money's coming from.

11

12 MR. OLIVER: The (INDISCERNIBLE) -- if it -- if it helps,
13 we're -- we are not seeking court approval for any fees that are paid by 7-Eleven. All of
14 these relate to estate fees.

15

16 THE COURT: Okay. Thank you.

17

18 MR. OLIVER: Thank you.

19

20 THE COURT: That's helpful. Okay.

21

22 Anyone else wish to speak to that application with that clarification? Going once, going
23 twice? Okay. Hearing nobody...

24

25 Okay, so I can give you a decision today.

26

27 **Decision (Stay Extension)**

28

29 THE COURT: The first application that I have is from what I
30 will just call the companies as defined in the application materials and there is I guess
31 three aspects. One is service, and I am satisfied that service is good and sufficient. So
32 that portion of your -- I am just going to pull up your proposed order here. Yes, paragraph
33 1 is fine. I am satisfied that service has been given, and nobody is raising service as an
34 issue that is here on this Webex application.

35

36 The second portion is the extension of the stay for a period to September 30th, 2025, and I
37 understand that a further stay request to February, 2026, is going to be before Justice
38 Simard next week. This Court typically will grant a stay as long as the party moving is
39 acting in good faith and that the order advances the policy objectives underlying the
40 CCAA. I have seen the application and the request for the first step of this stay to be a
41 short one to allow further discussions to be appropriate. I note the Monitor's support of

1 this portion of the application, that there is sufficient liquidity, it allows consultation to
2 happen, and there will be an opportunity for others to make submissions on the longer
3 stay being sought at the next appearance before Justice Simard, and so I am content that it
4 is appropriate. So paragraph 3 of your proposed order is fine, and I will order that.

5
6 I have more concern about the second or third, I guess, part of the application relating to
7 the TSA second amendment, and I don't know enough about this matter with respect to
8 the involvement of the provinces and, you know, Mr. Oliver has made a good point that
9 they are not actually effected by that part, so I will take him on that point. So there is a
10 slight concern there, but those parties both just said they were not able to take a position.
11 They have some concerns that they don't really know what is going to happen and why it
12 is taking so long.

13
14 My concern about this part of the application relates more to the lack of evidence about
15 why a further extension of the TSA to February, of 2026 is needed. I didn't note any
16 particular reasons given other than it seems obvious from the totality of the evidence
17 before me that the reason for needing to extend the TSA relates to the ongoing need for
18 certain software and services, related services being provided by DigiFlex. There may be
19 other reasons, but that is the only one that stood out as material to me. This CCAA has
20 been ongoing for quite some time, and the orders approving the transaction with 7-Eleven
21 and the transition services were all predicated on negotiated agreements that had a certain
22 end date for the TSA process, or TSA agreement which, at least at the time the orders
23 were granted, was thought obviously and held to be enough time to complete this part of
24 this restructuring.

25
26 The Court needs more evidence about why a further number of months is needed, and the
27 concern is made worse by the order of December 17th, 2024, which effectively requires
28 DigiFlex to continue providing services. So in my mind, there is an issue about whether
29 or not the continued provision of the services is really part of the restructuring any longer,
30 or is it just something that 7-Eleven would like. So there is just not enough evidence
31 before me to make a determination on that point. I do note it does appear, from what I see
32 in the evidence, that DigiFlex, although clearly affected by a continuation of the TSA,
33 does not appear to have been involved in recent negotiations relating to the extension of
34 the TSA, based on the record I have. So I don't have evidence about why the extension is
35 needed specifically, what efforts have been made to resolve the transition in a timely
36 fashion. I am not saying there aren't reasons. They are just not before me.

37
38 I don't have evidence about what will happen to the restructuring process as a whole if the
39 TSA is not continued or extended and the requirement that goes hand in hand with that
40 for DigiFlex to continue to provide service and for those reasons, I am not prepared to
41 grant the order that has been requested, but I do believe and accept what I have been told

1 that there will be an impact on 711's transition to some extent if the software services are
2 not continued to be provided.

3
4 So I will take Mr. Reid up on his alternative argument, which was his original application
5 of the companies, was to keep the TSA date aligned with the stay. I don't want to, just
6 because there is not sufficient evidence right now, cause an unnecessary disruption if
7 there is good reason for a continued extension of the TSA. I do note DigiFlex had at least
8 some notice of this, didn't file any evidence and if it has a real concern, it might consider
9 filing evidence or seeking to ask some questions on an affidavit or so forth. It has not
10 engaged in those processes.

11
12 So I am satisfied that the TSA can continue to the same period of time as the stay, which
13 is September 30th, so that more information can be provided if that is something that
14 wants to be pursued if they continue to want to pursue that extension.

15
16 So that part of your order should probably revert back to the previous language that you
17 had proposed on the assumption, of course, that that is something that 7-Eleven would
18 sign, but that is as far as I am willing to go right now.

19
20 And I will ask for -- if you have questions or clarifications when I -- I'll finish. I'll just
21 move on to the Monitor's application.

22
23 **Decision (Ratification Application)**

24
25 THE COURT: We obviously have the amended restated order
26 which provides the Monitor and its counsel to be paid their reasonable fees and
27 disbursements at their standard rates and charges. The Monitor has provided a report
28 detailing significant work that was completed by it and its counsel for an extended period
29 of time dating back to, I believe, November 1, 2024, to July 31st, 2025.

30
31 I reviewed the Monitor's report which also embedded within it a number of other
32 Monitor's reports without the schedules, and the test at this type of application is really
33 whether or not the fees are fair and reasonable in all the circumstances. I note that the
34 parties that are potentially the most interested haven't opposed the application.

35
36 I have reviewed the materials and am satisfied the fees are fair and reasonable, and I am
37 satisfied that the actions, conduct and activity as described in the Monitor's report are
38 appropriate. So I will grant the order as proposed by the Monitor with respect to its
39 proposed Form of Order relating to fees and the conduct and activities of the Monitor and
40 its counsel.

41

1 Any questions or clarifications needed?

2
3 MR. REID: Sir, I heard your comments about our Form of
4 Order reverting back to the September 30th date. We did provide a Black Line where
5 paragraph 5 had some additional language. It is very minor, but it also directs the parties
6 to execute that form of agreement and included the language with such minor
7 amendments as, and then we added 7-Eleven Canada Inc., the applicants and the Monitor
8 deemed necessary. I assume -- sorry, I shouldn't assume, but is the Court okay with that
9 additional language?

10
11 THE COURT: Yeah. Yeah. That was my intention. I guess
12 I'll just throw the floor open to Ms. Hunter just in case there's a -- because the application
13 you propose, she didn't speak to it really, but in case she has something to say, because
14 this would direct it to execute the TSA in a form that it wasn't proposing to execute it in.
15 So, Ms. Hunter, I assume that's better than it expiring?

16
17 MS. HUNTER: It -- yes, it certainly is better than it expiring.
18 Obviously, we would have preferred to stay with a February, 2026, date, but I understand
19 that that's not something you're prepared to grant today. So we will provide evidence and
20 get that before Justice Simard for next week.

21
22 THE COURT: Okay. So then, yes, Mr. Reid, it's your -- your
23 current proposed black line form, but with paragraph -- what I'm looking at is paragraph
24 4, there's a bunch of deleted text that would go back in.

25
26 MR. REID: Thank you, Sir. We'll get a copy of that to the
27 court this afternoon.

28
29 THE COURT: Okay. Thank you. Anything further from
30 anyone?

31
32 Okay. Hearing none, thank you everyone for your attendance today. We are adjourned.
33
34

35
36 PROCEEDINGS ADJOURNED
37
38
39
40
41

Certificate of Record

I, John Stopforth, certify that this recording is the record made of the evidence in the proceeding in the Court of King's Bench held in courtroom 1702 at Calgary, Alberta, on the 18th day of August, 2025, and that I was the court official in charge of the sound-recording machine during the proceedings.

1 **Certificate of Transcript**

2
3 I, Deborah Jane Brower, certify that

4
5 (a) I transcribed the record, which was recorded by a sound-recording machine, to the
6 best of my skill and ability and the foregoing pages are a complete and accurate transcript
7 of the contents of the record, and

8
9 (b) the Certificate of Record for these proceedings was included orally on the record and
10 is transcribed in this transcript.

11
12 Deborah Jane Brower, Transcriber.

13 Order Number: TDS-1090991

14 Dated: August 19, 2025
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This is Exhibit "B", referred to in the Affidavit of
Jennifer Allen, affirmed before me on the 12th
day of November , 2025.

A handwritten signature in black ink, appearing to read 'Aisia Anne Roberts', written over a horizontal line.

A Commissioner of Oaths in and for
the Province of Alberta

AISIA ANNE ROBERTS
A Commissioner For Oaths
In and for the Province of Alberta
My Commission Expires September 20, 2028

Action No.: 2301-08305
E-File Name: CVK25WALLACE
Appeal No.: _____

IN THE COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, RSC 1985, c. C-36, as amended

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF
WALLACE & CAREY INC., LOUDON BROS LIMITED, and
CAREY MANAGEMENT INC.

P R O C E E D I N G S

Calgary, Alberta
September 19, 2025

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1 Proceedings taken in the Court of King's Bench of Alberta, Courthouse, Calgary, Alberta

2
3
4
5 September 19, 2025

Afternoon Session

6
7 The Honourable Justice C.C. Feasby

Court of King's Bench of Alberta

8
9 C.J. Hunter

For 7-Eleven Canada Inc.

10 K.L. Wiest

For the Monitor

11 J.L. Oliver

For the Monitor

12 M. Mardukhi (remote appearance)
13 (Agent)

For DigiFlex Information Systems Inc.

14 L. Friesenhan (remote appearance)

For Alberta Justice

15 R. Sorgiovanni (remote appearance)

For Alberta Justice

16 J. Stopforth

Court Clerk

17
18
19
20 THE COURT:

Mr. Oliver, is this yours?

21
22 MR. OLIVER:

Yes, it is partially.

23
24 THE COURT:

Partially.

25
26 MR. OLIVER:

Yes.

27
28 THE COURT:

Okay.

29
30 MR. OLIVER:

For the record, Sir, Jeffrey Oliver, counsel to
31 KSV restructuring in its capacity as Monitor with enhanced power of the *CCLA* applicants.

32
33 THE COURT:

M-hm.

34
35 MR. OLIVER:

I'll make introductions of those who are in the
36 courtroom as well as on the line. Joining me is my colleague, Ms. Weist. And to my right
37 is Ms. Hunter. Ms. Hunter is counsel to 7-Eleven Canada. Also online, Jason Knight is
38 here for the Monitor's office. I also see from the Attorney General of Alberta Lisa
39 Friesenhan and Rachelle Sorgiovanni. I also see Mr. Mardukhi is on the line as a
40 representative of DigiFlex Information Systems Inc. And then there is a Cheryl Smith
41 (phonetic) on the line who I understand is a creditor. If I'm incorrect, I can be advised to

1 the contrary. And Mr. Herring who is also on the line is a member of the media. And I
2 believe that is everyone. Yes. Thank you, Sir.

3
4 THE COURT: Okay.

5
6 **Submissions by Mr. Oliver**

7
8 MR. OLIVER: So, Sir, before you is an application from the
9 Monitor which is seeking an order extending the term of a Transition Services Agreement
10 to February 16, 2026, as well as approving the corresponding execution of a third
11 amendment to the Transition Services Agreement as referenced in the materials. And that
12 is attached as appendix A to the Monitor's second supplement to the 17th report. The
13 Monitor is also seeking to extend the stay of proceedings in the *CCAA* proceeding up to
14 and including February 15, 2026.

15
16 In terms of the materials that have hopefully been delivered from the Monitor's office, there
17 was an application which (INDISCERNIBLE) order. There has been -- or there is the
18 second supplement to the 17th report as well as the first supplement and the 17th report
19 which were delivered a little later under separate coverages so that you have the full flavour
20 for what -- what has gone on.

21
22 THE COURT: Yes, I have all that.

23
24 MR. OLIVER: Thank you. 7-Eleven also provided an affidavit
25 from Mr. Buchanan (phonetic) in -- in support of the application. And there were also two
26 sets of reply submissions from Mr. Mardukhi. Our office forwarded those to make sure --

27
28 THE COURT: I saw Mr. Mardukhi's --

29
30 MR. OLIVER: Okay. All right.

31
32 THE COURT: -- submissions. I don't know about that affidavit.
33 I'm -- I'm just pulling up my electronic file.

34
35 MR. OLIVER: Okay.

36
37 THE COURT: Yeah, it's all there.

38
39 MR. OLIVER: Okay. Great. So, I'll speak to service, Sir. There
40 is an affidavit -- affidavit of service in the file from Angeline Gagnon (phonetic), sworn
41 August 16th of 2025. The *CCAA* proceedings in this matter had been commenced since

1 June of -- or of 2023, so we have a very what I'll call a mature service list in this -- in this
2 proceedings. It's comprised of the applicants and their counsel, the Monitor, 7-Eleven
3 Canada, as well as the various provincial and territorial tax authorities, Canada Revenue
4 Agency, and -- and any other parties that have requested to be added to the list. And sorry,
5 I -- I may have said August 16th was the day of the affidavit of service. It would have been
6 September 16th.

7
8 So, the -- the application was served on all parties on September 9th through email or
9 courier. There were three bounce back emails received, but those parties were
10 subsequently served by courier with materials received on September 11th and 15th. And
11 in light of the foregoing, Sir, I submit service is in order and the parties with an interest are
12 before the Court.

13
14 THE COURT: M-hm.

15
16 MR. OLIVER: So, Sir, you will have seen DigiFlex is opposing
17 the relief that is being sought. I do know that the province of Alberta is taking no position
18 with respect to the relief. In addition, we were advised prior to the hearing as well that the
19 province of British Columbia was also taking no position and would not be in attendance.

20
21 So, Ms. Hunter and I have -- have agreed to divide thee submissions, Sir. If it's acceptable,
22 I propose that I'll provide a little bit of background because I don't believe you presided
23 over any hearings in this -- in this matter.

24
25 THE COURT: No.

26
27 MR. OLIVER: And then I'll touch upon the stay. And then Ms.
28 Hunter will address the requested amendment and the Transition Services Agreement. And
29 if necessary, I'll possibly provide a few closing comments on that.

30
31 So, Sir, the -- these proceedings started in -- in June of 2023. The companies were in the
32 transportation and logistics business and very large sophisticated companies. At the
33 commencement of the proceeding it employed approximately 600 employees. Their
34 revenue was in excess of a billion dollars. They operated out of nine locations stretching
35 effectively from Vancouver Island to Oakville. And their most significant customer by a
36 significant margin was 7-Eleven.

37
38 The one other important fact to bring to your attention because it did certainly make these
39 -- these proceedings more complex than perhaps some others is a significant element of
40 Wallace & Carey's business was that they held tobacco licences. And, of course, that's a
41 highly regulated product with -- with its own tax regime. And that -- and because it's a

1 matter of provincial jurisdiction, we were dealing with tax regimes effectively all over the
2 country.

3
4 A sale investment solicitation process occurred and -- which started in August of 2023.
5 Ultimately, a transaction with Wallace & Carey and 7-Eleven Canada was approved on
6 November 17th, 2023. That transaction proved a sale of a certain property and assets of
7 the company to 7-Eleven Canada. It also approved a Transition Services Agreement
8 between Wallace & -- & Carey, Carey Management Inc., the Monitor, and 7-Eleven. And
9 it also appointed KSV as receiver of some other entities that were part of the -- part of the
10 larger security structure.

11
12 So, the purpose of the Transition Services Agreement was to ensure that services could
13 continue to be provided to 7-Eleven in an uninterrupted fashion to allow 7-Eleven the time
14 to effectively assume the Wallace & -- & Carey business and to minimize the risk of
15 significant operational issues.

16
17 You may have seen from -- from Mr. Buchanan's affidavit 7-Eleven itself has
18 approximately -- has slightly less than 9,000 employees, something like 500 stores. And
19 the -- the -- it was -- it was contemplated that the integration of -- and the transition was
20 going to be complex and -- and take time. It turns out it's taken even more time than I
21 think was initially hoped for, but -- but ultimately we are where -- where we are.

22
23 The -- one of the elements of the additional services that was contemplated to continue
24 through Wallace & Carey providing services to 7-Eleven was through the enterprise
25 resource software through DigiFlex. It's -- it's important to understand that 7-Eleven did
26 not purchase that contract nor was it signed. It has remained with Wallace & Carey to this
27 -- to this day.

28
29 So, upon the -- upon the approval, Sir, of the Transition Services Agreement these
30 proceedings effectively split into two in an informal fashion. One arm of the proceedings
31 is the -- is the Transition Services arm, the -- though the cost of those proceedings are
32 funded completely by 7-Eleven and, in turn, any losses of the business have been funded
33 by 7-Eleven and any economic benefit of the Transition Services is to the account of 7-
34 Eleven.

35
36 At the same time, the other arm of the proceeding has been the monetization of remaining
37 assets within the Wallace & Carey business which is for the benefit of the creditors of
38 Wallace & Carey. Those efforts, as I'll touch upon shortly, are continuing. But basically
39 where we are at this point is the senior lenders have been paid in full. All of the CCAA
40 charges have been fully satisfied with one exception, which is a charge in favour of the
41 provincial and territorial tobacco tax authorities who are going to be the fulcrum creditor.

1 They were given a charge in the -- both the initial and the amended restated order to secure
2 certain amounts of tax revenues payable to them. That was a \$25 million charge. And it's
3 anticipated that there's going to be a shortfall to those parties somewhere in the range of 9
4 to \$10 million, approximately in that -- in that range.

5
6 So, there is no recovery contemplated for unsecured creditors, but the Monitor has done
7 much better, to be -- to be frank, as had the companies in their recoveries than the -- than
8 was -- than was expected. We have actually exceeded the -- what was estimated to be the
9 best case.

10
11 So, you'll see, Sir, from the materials, in particular, at 14th -- or sorry -- the -- affixed to
12 the second supplement to the 17th report was the 14th report. And what that report goes
13 into a fair amount of detail on is there was a prior dispute involving DigiFlex which resulted
14 in a consent order on the eve of a hearing being granted on the 17th of December of last
15 year. And effectively what was -- what was happening there was DigiFlex was threatening
16 to cease service to Wallace -- Wallace & Carey and ultimately -- well, which was, in the
17 view of the Monitor, contrary to the terms of the amended and restated order. Thankfully,
18 we were able to arrive at a resolution that was -- that was mutually agreeable to all affected
19 parties.

20
21 THE COURT: So, is a -- is a copy of the consent order around?

22
23 MR. OLIVER: Yes. I believe -- I'll -- I'll ask my colleague to
24 confirm that. I believe it's in -- it's in the materials.

25
26 MS. WIEST: It's at tab B in the second supplement.

27
28 MR. OLIVER: Tab B of the second supplement, Sir.

29
30 THE COURT: Just let me look at it for a minute.

31
32 MR. OLIVER: So, the issues with DigiFlex then, Sir, presented
33 themselves again in August of this year. And the -- what -- at that time, there was an
34 application brought originally, I believe, by the Wallace & Carey companies before the
35 Monitor effectively took them over under an enhanced powers order. But there was an
36 application brought to extend the stay and the TSA period to February 15th, which is the
37 same relief that we're asking for this afternoon.

38
39 THE COURT: M-hm.

40
41 MR. OLIVER: Ultimately, there were several court appearances

1 that have sort of followed out of that. There was some other relief granted at the August
2 18th application that's not particularly germane to what we're doing. But at the time, also,
3 the term -- or the issues with respect to the length of the TSA and the length of the stay
4 were effectively punted to today's hearing, and -- and that's what we're -- that's what we're
5 here to address, so.

6
7 And finally, on August 26th the Court granted an order which enhanced the powers of the
8 Monitor, so we now effectively speak on behalf of -- of the Wallace & Carey entities.

9
10 So, with that background, Sir, I'm happy to answer any questions that you may have arising
11 out of that. But I'll quickly address the stay before I turn the podium over to Ms. Hunter.
12 So, the current stay is scheduled to expire on September 30th. The Monitor is requesting
13 that the stay is extended to February 15th, 2026. I wish to be clear, Sir, that the stay needs
14 to be extended in the view of the Monitor regardless of what happens with the TSA issue
15 ultimately. There are issues independent of the TSA that are just not going to be -- be
16 resolved without a stay extension. Those include continuing litigation that -- that is going
17 on with the company in Ontario with respect to some receivables that -- that are owed to
18 Wallace & Carey for the benefit now of the tobacco tax authorities. There are two
19 promissory notes that have payments due in October and April of next year.

20
21 And we also -- I mentioned earlier that our client was appointed as a receiver of some
22 related entities. And there are funds in those related entities that need to be released to the
23 Wallace & Carey estate for distribution, but we require a clearance certificate from Canada
24 Revenue Agency for that to happen. And we're -- we're not expecting to receive it before
25 the end of the year at the earliest if we receive it at all.

26
27 So, obviously, the -- the timing of the current stay extension aligns with the TSA extension
28 as well. But I -- I just want the Court to be aware that -- that there are issues independent
29 of that that has to be addressed.

30
31 One of the other things I just wish to bring to your attention as an officer of the court is that
32 the order that you saw from -- with respect to DigiFlex provides that the service period for
33 -- in which DigiFlex is required to maintain services is to apply to the later of the extension
34 -- of the stay period or the -- the TSA term.

35
36 So, if you were inclined to find in favour of DigiFlex, that term needs to be considered in
37 the context of your decision.

38
39 THE COURT: Okay.

40
41 MR. OLIVER: So, with respect -- finally, with respect to the

1 stay, Sir, the Monitor's view is it's just convenient and in the best interest of the company
2 and its stakeholders to extend the stay. The Monitor is acting in good faith and with due
3 diligence in -- in seeking the extension. And the companies have sufficient liquidity to
4 meet their financial obligations during the extent of the stay extension.

5
6 If there's no other questions, Sir, I'll turn it over to Ms. Hunter to address the TSA
7 amendment.

8
9 THE COURT: Okay. Thank you.

10
11 MR. OLIVER: Thank you.

12
13 **Submissions by Ms. Hunter**

14
15 MS. HUNTER: Thank you. Carole Hunter, appearing this
16 afternoon on behalf of 7-Eleven Canada Inc. As Mr. Oliver indicated, I will be speaking
17 to the issues relating to the extension of the TSA. Just as further background to this, when
18 we had initially brought the application to the extent of the TSA on August 18th of 2025,
19 Justice Marion had indicated that further evidence would need to be filed by 7-Eleven to
20 indicate why there had been not necessarily a delay, but why the transition of the business
21 from Wallace & Carey and 7-Eleven was taking longer than initially anticipated.

22
23 So, again, as Mr. Oliver indicated, that issue has now been addressed, I believe, in the
24 affidavit of Josh -- Joshua Cannon (phonetic) --

25
26 THE COURT: M-hm.

27
28 MS. HUNTER: -- which sets out some of the issues and
29 challenges that had been encountered by 7-Eleven in implementing and transitioning the
30 business of Wallace & Carey.

31
32 Also, as Mr. Oliver indicated, the only objection to the extension of the TSA today is from
33 DigiFlex, and it's the company that provides and maintains the enhanced resource planning
34 software that's necessary for the Wallace & Carey logistics business.

35
36 THE COURT: So, the gist of what I got from the DigiFlex
37 submissions is they're not getting paid.

38
39 MS. HUNTER: But they're -- that's not entirely true. So, they are
40 getting paid. And they are actually getting paid in excess of what their contracts with
41 Wallace & Carey would permit. What they want is for 7-Eleven to pay almost \$4 million.

1
2 THE COURT: Yes, I saw that.

3
4 MS. HUNTER: Yes. That's the real issue. And I think as it's set
5 out in the report of the Monitor, the original licence that was purchased by Wallace &
6 Carey for this business was a onetime fee of \$300,000. And that is in the 14th report, which
7 is appended as -- sorry -- which is --
8

9 THE COURT: 'C'.

10
11 MS. HUNTER: Yes, to the second supplement. And then --
12 sorry, there's a lot of pages and -- to go through.
13

14 THE COURT: M-hm.

15
16 MS. HUNTER: But if you look at page 6 of that report, paragraph
17 8, the initial licence fee to Wallace & Carey was \$300,000. Now, recognize that was
18 several years ago, but now the ask if 3.23 million.
19

20 THE COURT: M-hm.

21
22 MS. HUNTER: And Wallace & Carey certainly not -- or sorry --
23 7-Eleven is not interested in taking an assignment to this licence or purchasing a new
24 licence. As indicated in the affidavit of Mr. Buchanan, the software, sadly, does not
25 actually communicate for work with modern-day resource planning software and can't be
26 used with the -- on the 7-Eleven platform.
27

28 THE COURT: So, are -- are you using it anymore?

29
30 MS. HUNTER: So, the Wallace & Carey -- there's data on the --
31 in the software that needs to be transitioned into a system that can actually work in the 7-
32 Eleven environment.
33

34 THE COURT: So, you're paying your ongoing amounts until
35 you can do that?
36

37 MS. HUNTER: Yes. And DigiFlex did provide a quote for the
38 cost of actually having the TSA extended -- or sorry -- not the TSA extended -- the
39 maintenance agreements extended to February 15th of this year -- or sorry -- this coming
40 year, and so he would be paid an additional \$88,000 for the use of that software. And
41 again, those are rates in excess of what would be permitted under the current Wallace &

Carey agreements --

THE COURT: okay.

MS. HUNTER: -- so.

THE COURT: So -- and, Mr. Mardukhi, you should listen to this. What -- what struck me immediately in reading the DigiFlex things is these are -- I guess we'll call them written submissions, but it, you know, amounts to basically writing the court a letter saying you want a whole bunch of stuff, whole bunch of money. And, you know, you could style this as a claim or something like that. And it would seem to me that, like, the -- the normal way to go about it would -- might be to bring a statement of claim and file it and pursue it. It might be to bring an application in this proceeding supported by evidence. But my big concern is, you know, I -- I've got a few paragraphs on a page making a bunch of assertions. I don't know what I'm supposed to do with that.

MR. MARDUKHI: Your Honour, if I may. We are self-representing in this case. We don't have a lawyer to guide us through the proper procedures, so I apologize of that. But --

THE COURT: Well, I -- I have -- I have a lot of sympathy for self-represented litigants. But, you know, in -- in a commercial context -- and you're a company, so you should be hiring a lawyer. You're not really supposed to self-represent when you're a company. I think that's under the *Corporations' Act*. And, you know, this is big money you want. It sounds like you're being paid on an ongoing basis. I'm not sure ignorance of the law -- or ignorance of the procedure because you're a self-represented litigant is a -- is an excuse in this case.

Submissions by Mr. Mardukhi

MR. MARDUKHI: We -- we -- I'm not stating that that's an excuse for the amounts that we have sought from 7-Eleven going back to November 2024. And the other side unfortunately is misrepresenting some of these amounts. The original licence for 300K back in 2000 -- so that's 20 -- more than 25 years ago -- was only for a portion of our software. Two years later then they bought our financial system as well, and there was a similar amount that they paid for those systems in 2003.

So, 600,000 plus paid over 25 -- 25 years ago -- or 23 years ago is -- does translate into a much larger amount today, especially when our licence fees are based on the annual (INDISCERNIBLE) of the company that we sell them to. Wallace & Carey, they told us at that time that they were doing \$200 million a year.

1
2 And 7-Eleven Distribution company is currently doing 600 million plus. And those rates
3 are not -- if you look up any software company, the rates are not linear. Like, they go up
4 considerably when the size of the company that they're dealing with is larger. So, if it's,
5 you know, selling something for -- to a \$200 million company 252 years ago for \$600,000,
6 it should translate into 3 million plus very easily for a (INDISCERNIBLE) company that's
7 three times the size.

8
9 And I don't know if I -- if I (INDISCERNIBLE).

10
11 THE COURT: So, Mr. Mardukhi, the problem is, I mean, you
12 want \$4 million, or something in that vicinity.

13
14 MR. MARDUKHI: Right.

15
16 THE COURT: You haven't put in an affidavit. You haven't put
17 in any evidence. As I said, you know, maybe this is something that could be litigated within
18 the context of this proceeding. It might have to be litigated outside the context of the
19 proceeding, but it's not something we -- we do on the fly like this. You know, you've got
20 to put your best foot forward and you've got to, you know, put all your evidence in or you
21 got to file a statement of claim that particulates your -- your problem.

22
23 I mean, I understand what you're saying, but I -- I've got real problems with how you've
24 brought it forward to the Court.

25
26 MR. MARDUKHI: I understand. And I -- and I do not expect this
27 Court to make a judgment on how much the licence fee should be, et cetera. But I -- we
28 are hoping that this Court can make a judgment that 7-Eleven of Canada has been using
29 our software without the licence since they finalized the purchase of Wallace & Carey.

30
31 THE COURT: Well, I think that's a question of fact, and they
32 either have or they haven't. And -- and I don't know what's before me that is going to allow
33 me to make that kind of determination. And -- and you don't have -- you haven't brought
34 an application. I mean, maybe you could get the Court to declare that or something like
35 that, but you haven't -- you haven't even brought an application seeking any specific relief.

36
37 MR. MARDUKHI: I had, like, a two-page summary of those reports
38 that we submitted. Am I allowed to just briefly recount that because it specifically deals
39 with our issue with 7-Eleven, which is not about licence fees or how much they should be,
40 but the fact that they are using our software without the licence?

41

1 THE COURT: Okay. They're using your software right now
2 pursuant to -- I believe it's an order of the court.

3
4 MS. HUNTER: An order of the Court and a transaction to
5 provide (INDISCERNIBLE).

6
7 THE COURT: Right. And -- and the thing is, is you say you're
8 entitled to a bunch of other money; maybe you are, maybe you aren't. I don't know whether
9 those moneys arose prior to Wallace & Carey's insolvency or subsequent to. If they arose
10 prior to, then they should have been the subject of -- of a claim submitted, although I don't
11 know if there was enough. There -- there -- it doesn't sound like there was any -- anything
12 beyond what the secured creditors were going to get, so -- in which case, if it arose before,
13 you're out of luck. If it arose after, you know, I -- I'm not sure what to say. I mean, the --
14 the Court has -- has authorized pursuant to court order the use of the -- the software, so.
15 And as I understand it, it was a consent order, so that means you agreed to it, so.

16
17 MR. MARDUKHI: Your Honour, that consent order was to us
18 providing continuous support for the (INDISCERNIBLE) of the TSA extension period,
19 and future ones.

20
21 THE COURT: And so -- yes. And so, what you're saying is --

22
23 MR. MARDUKHI: It does not address the licence
24 (INDISCERNIBLE).

25
26 THE COURT: You don't want -- you don't want the TSA
27 extended is what you want.

28
29 MR. MARDUKHI: If I may. I have this point specifically handled in
30 our summary. If I can read that out right now.

31
32 THE COURT: Sure.

33
34 MR. MARDUKHI: 7-Eleven Canada believed that by buying
35 "technology software and systems" from Wallace & Carey as per affidavit number 5 of
36 (INDISCERNIBLE) filed on July 29th, 2024 that they had the right to use our software as
37 they wished. That is why we requested from the (INDISCERNIBLE) to set up a whole
38 new implementation of our ERP system for SEDCC for going live on January 5th, 2025.

39
40 Now SEDCC is claiming that our software is (INDISCERNIBLE). But back in July 2024
41 they asked us to set up their business on our software, and that's not something that you do

1 for one or two. It's something that you intend on doing for multiple years.

2
3 Now, we've reminded SCC (phonetic) that our licence (INDISCERNIBLE) with Wallace
4 & Carey, the first of which was signed on March 9th, 2000, explicitly states that our
5 licences are nontransferable and that SCC needs to buy a new licence to use our software.

6
7 At that point, they abandoned their previous request to set up SEDCC on our
8 (INDISCERNIBLE). We believe this is the point where SCC started to hide behind the
9 Wallace & Carey name and to pretend that Wallace & Carey was still conducting its
10 distribution business. This was and is an attempt to acknowledge their obligation to buy a
11 software licence from DigiFlex and to continue using unlicensed software.

12
13 SCC then asked us to expand (INDISCERNIBLE) basis so they could set up the SEDCC
14 business inside the Wallace & Carey implementation of our ERP system. To hide the fact
15 that SEDCC was the actual user of our ERP software they hid from us changes to forms
16 that are part of our ERP. We discovered this by accident when we were forwarded a
17 purchase order form by the SEDCC help desk that clearly showed they have replaced the
18 Wallace & Carey log with that of SEDCC. Such form changes have always been done by
19 DigiFlex for all its clients for over the 35 plus years.

20
21 Just 2 days ago I saw the (WEBEX AUDIO INTERRUPTED) that had a SEDCC logo
22 instead of the Wallace & Carey log. All this evidence shows that SEDCC have been
23 running the operations at Wallace & Carey, and even the facade of conducting business as
24 Wallace & Carey have been removed.

25
26 They continue to ask for TSA extensions because they believe they can continue to use the
27 DigiFlex ERP system without a licence and to -- and by pretending that Wallace & Carey
28 is still in business. Now they have even added the potential loss of jobs at Wallace & Carey
29 if they are forced to stop using our ERP system to ask this Honourable Court to extend the
30 TSA and to allow them to use our unlicensed software into the future.

31
32 In reality, it is SEDCC that is risking those jobs by continuing to base their operations on
33 unlicensed software. SEDCC should not be allowed to continue to infringe on DigiFlex's
34 copyright and contractual rights and potentially ignore Canadian copyright contract
35 computer specific, and even criminal laws, to unlicensed user of copyrighted software.

36
37 And we seek for this Honourable Court to seek to make SEDCC pay our licence and
38 maintenance invoices from November 1st, 2024, plus interest, so they can legally use our
39 ERP software for as long as needed. If they do this, we will have no objections to further
40 extensions of the TSA timelines.

41

1 Thank you for giving me the option (WEBEX AUDIO INTERRUPTED).

2
3 THE COURT: Okay. Thank you. Ms. Hunter, please continue.

4
5 **Submissions by Ms. Hunter**

6
7 MS. HUNTER: So, as I've indicated, the TSA and the 7-Eleven
8 transaction were approved by this Honourable Court on November 13th of 2023. Part of
9 the Transition Services included information technology and data. Contrary to the
10 assertion of DigiFlex, we did not buy that, the -- the assets -- or the contracts of DigiFlex.
11 We did not take an assignment of them. The Transition Service Agreement provides that
12 the debtor will assist the purchaser in migrating data, maintaining access to the information
13 technology systems, and helping with integrating the information technology systems into
14 7-Eleven's environment, so.

15
16 So, there is certainly no doubt the ERP software is important. As noted in paragraph 18 of
17 Mr. Buchanan's affidavit, this is software that is going to touch virtually every aspect of
18 the logistics business. So, not having -- not having Wallace & Carey have continued access
19 to this software would be detrimental to the 7-Eleven business, so.

20
21 It also is indicated in Mr. Buchanan's affidavit the transition of this business has been
22 challenging, and it's not just from a software perspective. There were 450 Wallace & Carey
23 employees from Alberta -- or sorry, from British Columbia to Ontario. There's 540 7-
24 Eleven stores across that same geographic area. This is also a business that picks, packs,
25 and delivers over 5,000 products from approximately 240 supplies on a daily basis. This
26 is not a simple business.

27
28 Also, I think as you are likely aware, 7-Eleven is a retail business, it's not a logistics
29 business. So, the purchase of these assets from Wallace & Carey represented a significant
30 transition in the 7-Eleven business and how it operates in Canada.

31
32 So, the initial focus from dealing with the services under the TSA was financial integration
33 of the Wallace & Carey information into 7-Eleven's data system. Unfortunately, the
34 process took 30, 40 employees of 7-Eleven working almost full-time for several months to
35 complete this process, and this was primarily due to the fact that the Wallace & Carey
36 software was completely incompatible with 7-Eleven software. That is something that 7-
37 Eleven likely could never have known before they got in to see it.

38
39 7-Eleven also had to deal with third-party audits to confirm inventory, receivables, and
40 operational balances, reconciling preclosing payments, completing tax refunds and
41 remittances and obtaining new operating licences and permits.

1
2 THE COURT: Is -- is the proposed extension sufficient time to
3 get all this done?
4

5 MS. HUNTER: My client has advised that they do believe that
6 the -- the extension is sufficient to get that done, and they are committed to doing so.
7

8 THE COURT: Okay.
9

10 MS. HUNTER: This is certainly not something that we want to
11 have continuing, particularly with all the issues that we're experiencing with DigiFlex.
12

13 THE COURT: Right. Okay.
14

15 MS. HUNTER: So, the operational integration of the Wallace &
16 Carey business actually did not complete until March of this year. And the process of
17 dealing with the data and the ITE migration which predominantly relates to the DigiFlex
18 software which we're still dealing with today didn't start until late last year.
19

20 THE COURT: Okay.
21

22 MS. HUNTER: As indicated in Mr. Buchanan's affidavit,
23 typically on a full buildout of new ERP software, it's about an 18-month process. 7-Eleven
24 is committed to doing that in less than 18 months, and to getting it done within the balance
25 of this current extension to February 15th if you do so grant that relief sought by the
26 enhanced Monitor today.
27

28 So, I -- I won't go through the -- the issues that we had with DigiFlex. Those were
29 adequately addressed by Mr. Oliver. And what I would point out is, even with these
30 difficulties, the fact remains that this software is critical to Wallace & Carey's business and
31 to allowing Wallace & Carey to fulfill its obligations under the TSA which was approved
32 by this Honourable Court.
33

34 THE COURT: Okay.
35

36 MS. HUNTER: It's not a simple process as, again, the -- the
37 software is not compatible with any modern ERP software. It is a process to complete. It
38 is underway. 7-Eleven just needs a little bit more time to get it over the line. So, those are
39 my submissions unless you have any additional questions.
40

41 THE COURT: I do not. Thank you.

1
2 MS. HUNTER: Thank you.

3
4 THE COURT: Is there anybody else online who would like to
5 add anything?
6

7 **Submissions by Mr. Mardukhi (Reply)**
8

9 MR. MARDUKHI: If I may, Your Honour. Mohamad Mardukhi.
10 Counsel mentioned that they started the transition late 2024, where -- whereas their
11 involvement with 7-Eleven -- or with Wallace & Carey goes back to 2000, basically, when
12 they implemented our software. The only reason that they started late 2024 is because we
13 told them they needed a licence if they wanted to continue using our software. That is
14 when they attempted to get a court ruling to force us to provide support for them even
15 though they're legally not entitled to use our software.
16

17 And counsel also continuously mentions Wallace & Carey business. I would like to know
18 what is left of Wallace & Carey business when all logos and (INDISCERNIBLE) and
19 trucks and everything has been changed to 7-Eleven Distribution Canada Corporation.
20

21 **Decision**
22

23 THE COURT: Okay. Thank you. Anyone else? Okay, I don't
24 hear anyone else. All right. So, I am going to extend the stay, Mr. Oliver, as you've
25 requested. I am going to extend the Transition Services Agreement and -- and grant the
26 approval of the third amendment. What I am going to do for DigiFlex is this, is I'm going
27 to direct that the order specify that it is without prejudice to DigiFlex bringing an
28 application to either lift the stay to commence legal action against 7-Eleven or to apply to
29 terminate the Transition Services Agreement.
30

31 In order to do so, DigiFlex must be represented by counsel because, as I understand the
32 law, and I'm just looking at -- there are many cases that make this point, but the one I was
33 looking at was *Landmass Dirtworx Ltd. v. Prairie Mountain Construction (2010) Inc.*,
34 2015 ABQB 362, by Justice Graesser. It's -- it's obvious that corporations must have a
35 lawyer to represent them in court. You -- you don't get to self represent, as Mr. Mardukhi
36 is doing. The -- you know, self representation, especially in the commercial list, is -- is
37 incompatible with what this list is about, which is making sure that commercial matters
38 move efficiently through the system.
39

40 DigiFlex wants \$4 million, or thereabouts. It also seems like they're getting paid on an
41 ongoing basis. They have the money to get a lawyer and they must get a lawyer. And if

1 they want relief from this Court, they have to put it before this Court in a proper fashion.
2 And so, I preserve the right to do that so they're not prejudiced by what's happened here
3 today, but I'm also not holding up the train here based on their unsworn submissions, which
4 and I -- when I say it's unsworn, submissions are never sworn, but they contain a lot of
5 assertions of fact which I'm sure are contestable and disputed, and I'm not going to be
6 making any decisions based on -- on that.

7
8 So, I -- I accept the submissions of Mr. Oliver supported by the very extensive Monitor's
9 reports. And I think that the relief that's been requested is entirely justified. I accept the
10 evidence of Mr. Buchanan in his affidavit about, you know, the causes of delay, which I
11 understand what a concern to Justice Marion earlier this summer. So, that's that.

12
13 I trust counsel can amend the order and get it across my desk at some point. I'm here for a
14 little bit this afternoon. And then I'll -- I'll certainly be able to sign it early next week if it
15 doesn't get to me this afternoon.

16
17 MR. OLIVER: Thank you, Sir. Yes, absolutely happy to do that.
18 One -- one thing I just wish to note in passing in case you don't see this in the order. I don't
19 believe any of the stays in this proceeding apply to 7-Eleven at this point.

20
21 THE COURT: Oh. So, you're saying that Mr. Mardukhi can just
22 go down and due 7-Eleven on his own?

23
24 MR. OLIVER: Well, I'm certainly -- Ms. -- I'm not --

25
26 MS. HUNTER: (INDISCERNIBLE) like that.

27
28 MR. OLIVER: Yeah. I'm --

29
30 THE COURT: I know you probably don't like that, but --

31
32 MR. OLIVER: Yeah.

33
34 THE COURT: -- it is what it is.

35
36 MR. OLIVER: Yeah. I will confirm that though based on
37 (INDISCERNIBLE).

38
39 THE COURT: Okay. And if it doesn't need to be in the order
40 then, then it won't be. There still should be the provision that says, if he wants to bring an
41 application to terminate the transition --

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MR. OLIVER: TSA.

THE COURT: -- the TSA, he's --

MR. OLIVER: Absolutely.

THE COURT: -- allowed to bring that --

MR. OLIVER: Absolutely.

THE COURT: -- application. And this order today is without prejudice, so, you know, you can't say just because you got the order, he can't bring the application.

MR. OLIVER: Understood.

THE COURT: Yeah.

MR. OLIVER: Thank you very much.

THE COURT: All right. Thank you both. Mister clerk, thank you for your support and help today. And everyone have a great weekend.

MR. OLIVER: Thank you.

PROCEEDINGS CONCLUDED

Certificate of Record

I, John Stopforth, certify that this recording is the record made of the evidence in proceedings in the Court of King's Bench held in courtroom 1702 at Calgary, Alberta on the 19th day of September, 2025, and that I was the court official in charge of the sound-recording machine during the proceedings.

Certificate of Transcript

I, Angie Baier, certify that

(a) I transcribed the record, which was recorded by a sound-recording machine, to the best of my skill and ability and the foregoing pages are a complete and accurate transcript of the contents of the record, and

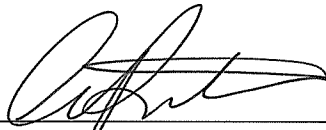
(b) the Certificate of Record for these proceedings was included orally on the record and is transcribed in this transcript.

Digi-Tran Inc.

Order Number: TDS-1093946

Dated: October 2, 2025

This is Exhibit "C", referred to in the Affidavit
of Jennifer Allen, affirmed before me on the
12th day of November , 2025.

A handwritten signature in black ink, appearing to read 'Aisia Anne Roberts', written over a horizontal line.

A Commissioner for Oaths in and for
the Province of Alberta

AISIA ANNE ROBERTS
A Commissioner For Oaths
In and for the Province of Alberta
My Commission Expires September 20, 2028



FEDERAL COURT

**DIGIFLEX INFORMATION SYSTEMS INC. and
MOHAMAD Z. MARDUKHI**

Court File No. **T-4453-25** ID 1

e-document		
F I L E D	FEDERAL COURT COUR FÉDÉRALE November 6, 2025 Abbie Abe (MM)	D E P O S É
CAL	1	

Plaintiffs

- and -

**7-ELEVEN INC., 7-ELEVEN CANADA INC. and
7-ELEVEN DISTRIBUTION CANADA CORPORATION**

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiffs. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or a solicitor acting for you are required to prepare a statement of defence in Form 171B prescribed by the Federal Courts Rules, serve it on the plaintiffs' solicitor or, if the plaintiffs do not have a solicitor, serve it on the plaintiffs, and file it, with proof of service, at a local office of this Court:

WITHIN 30 DAYS after the day on which this statement of claim is served on you, if you are served in Canada or the United States; or

WITHIN 60 DAYS after the day on which this statement of claim is served on you, if you are served outside Canada and the United States.

TEN ADDITIONAL DAYS are provided for the filing and service of the statement of defence if you or a solicitor acting for you serves and files a notice of intention to respond in Form 204.1 prescribed by the *Federal Courts Rules*.

Copies of the *Federal Courts Rules*, information concerning the local offices of the Court and other necessary information may be obtained on request to the Administrator of this Court at Ottawa (telephone 613-992-4238) or at any local office.

IF YOU FAIL TO DEFEND THIS PROCEEDING, judgment may be given against you in your absence and without further notice to you.

Date: November 6, 2025

ORIGINAL SIGNED BY
ABBIE ABE
A SIGNÉ L'ORIGINAL
Issued by:
(Registry Officer)
Courts Administration Service
P.O.Box 10065, 3rd Floor
701 West Georgia Street
Vancouver, B.C. V7Y 1B6

TO: THE ADMINISTRATOR OF THE FEDERAL COURT

AND TO: 7-Eleven Inc.
3200 Hackberry Road
Irving TX
75063 United States

AND TO: 7-Eleven Canada Inc.
3200 Hackberry Road
Irving TX
75063 United States

AND TO: 7- Eleven Distribution Canada Corporation
Suite 2700 – 1133 Melville Street
Vancouver, BC V6E 4E5

CLAIM

1. The Plaintiffs, Digiflex Information Systems Inc. (**Digiflex**) and Mr. Mohamad Z. Mardukhi (**Mr. Mardukhi**), seek:

- (a) a declaration that the Defendants, 7-Eleven Inc., 7-Eleven Canada Inc. (**7-Eleven Canada**) and 7-Eleven Distribution Canada Corporation (**SEDCC**, collectively with 7-Eleven Inc. and 7-Eleven Canada, **7-Eleven**) have infringed, directly or indirectly, or induced the infringement of the Plaintiffs copyright in the Copyrighted Software (as defined below), contrary to sections 3 and 27(1) of the *Copyright Act*, R.S.C. 1985, c. C-42 (the *Act*);
- (b) an interim, interlocutory, and permanent injunction restraining 7-Eleven, its directors, officers, employees, servants, agents, licensees, successors, assigns, related or affiliated companies, or otherwise, and all those in privity with or under the control of 7-Eleven from, directly or indirectly, doing any of the acts described in paragraphs 1(a) above, or any other acts in relation to the Copyrighted Software that violates the *Act*;
- (c) an interlocutory and final Order requiring 7-Eleven to deliver to Digiflex or destroy under oath all infringing copies of the Copyrighted Software, in whatever form or media under 7-Eleven's direct or indirect control, including without limitation all executable files as well as all associated source and object code, and including whether or not all such copies are stored locally on servers or other systems owned or possessed by 7-Eleven or stored "in the cloud" on third party servers under 7-Eleven's direction or authorization, as all such copies are the Plaintiffs' property, pursuant to section 38(1) of the *Act*;
- (d) an order for an award of the Plaintiffs' damages in a sum of not less than the \$6,000,000 in unpaid license and maintenance fees, payable by 7-Eleven, for 7-Eleven's infringements of its Copyrighted Software, pursuant to sections 34 and 35 of the *Act*;
- (e) an order for an award of damages payable by 7-Eleven to Mr. Mardukhi in the amount of \$100,000 for infringement of Mr. Mardukhi's moral rights, pursuant to section 34(2) of the *Act*;
- (f) in addition to the damages claimed in paragraphs 1(d) and 1(e), an order for an accounting of 7-Eleven's profits from its infringements in a sum not less than \$100,000,000, payable by 7-Eleven to the Plaintiffs, pursuant to sections 34 and 35 of the *Act*;

- (g) an order for an award of punitive damages of \$2,000,000, payable by 7-Eleven to the Plaintiffs, given 7-Eleven's malicious, oppressive and high-handed actions described herein;
- (h) pre-judgement and post-judgment interest in accordance with the *Federal Courts Act*, RSC 1985, c F-7;
- (i) the Plaintiffs' costs of the Action on the highest indemnity scale, including all disbursements, taxes and interest; and
- (j) such further and other relief as the Plaintiffs may request and that this Honourable Court may consider just.

OVERVIEW

2. The Plaintiffs bring this action to stop and remedy the exploitation of its enterprise resource planning software, which is copyright protected, for free.

3. The Defendants, 7-Eleven, have described the Plaintiffs' Copyrighted Software as "mission critical importance" to its business and has admitted that not having access to the Plaintiffs' Copyrighted Software would result in the "catastrophic disruption" of 7-Eleven's retail business across Canada. Nevertheless, it refuses to pay for a license to use the software.

4. 7-Eleven's excuse is that it does not need a license because it bought certain assets of the Plaintiffs' insolvent (and no longer existing) licensee. Yet, 7-Eleven never sought an assignment of the insolvent company's license, nor did it give notice to the Plaintiffs that it had stepped into the shoes of its former licensee. 7-Eleven's excuses have no merit.

5. As set out in more detail below, for the last two years, 7-Eleven has been infringing, directly or indirectly, the Plaintiffs' Copyrighted Software. With 7-Eleven's admission that the Copyrighted Software is the backbone of its Canadian retail business, an appropriate remedy for 7-Eleven's infringement is an accounting of all of 7-Eleven's profits from its Canadian retail business for the period that it has been using the Copyrighted Software without a license.

THE PARTIES

6. The Plaintiff, Digiflex, is a corporation organized under the laws of the province of Alberta, with an address at 2611 Venables Street, Vancouver, British Columbia.

7. The Plaintiff, Mr. Mardukhi, is an individual who, at all relevant and material times, was resident in Canada. Mr. Mardukhi is Digiflex's Chief Executive Officer, sole shareholder and sole director.

8. The Defendant, 7-Eleven Inc., is a corporation organized under the laws of Texas, with a registered address at 3200 Hackberry Rd, Irving, Texas, USA.

9. The Defendant, 7-Eleven Canada, Inc. (**7-Eleven Canada**), is a corporation organized under the federal laws of Canada, with a registered address at 3200 Hackberry Rd, Irving, Texas, USA.

10. The Defendant, 7-Eleven Distribution Canada Corporation (**SEDCC**), is a corporation organized under the laws of the province of British Columbia, with a registered address at Suite 2700, 1133 Melville Street, Vancouver, British Columbia. SEDCC is an affiliate of 7-Eleven Canada. SEDCC was recently incorporated, on January 12, 2024, to operate 7-Eleven's new Canadian logistic business.

THE PLAINTIFFS' COPYRIGHT AND MORAL RIGHTS

Digiflex and the Copyrighted Software

11. The Plaintiffs develop and provide enterprise resource planning (**ERP**) software and associated support software programs for the grocery distribution and food service industries. ERP software is the backbone for modern businesses. It integrates and automates businesses' core processes, including financial and accounting systems, inventory management, sales, and other logistics, leading to enhanced efficiency and optimization.

12. As detailed further below, the Plaintiffs' software programs are subject to copyright protection. This includes ProCLASS, CLASS Financials and LAZER DMBS, which are collectively referred to herein as the **Copyrighted Software**.

13. Mr. Mardukhi is an author of the Copyrighted Software. Mr. Mardukhi began development of the Copyrighted Software in the mid-1980s for his former employer Canalta Data Services, which was subsequently acquired by Great Pacific Industries. In 1993, Great Pacific Industries assigned all rights in the Copyrighted Software to Mr. Mardukhi, who then subsequently assigned the rights to Digiflex.

14. As CEO and an employee of Digiflex, Mr. Mardukhi further refined, modified and expanded the functionality of the Copyrighted Software for Digiflex's benefit and, in 1999, Mr. Mardukhi ultimately registered the Copyrighted Software with the Canadian Intellectual Property Office (**CIPO**). Mr. Mardukhi

is listed as the registered owner of the Copyrighted Software with CIPO. Digiflex is also an owner of the Copyrighted Software pursuant to s. 13(3) of the *Act*.

15. As a result of the copyright protection in the Copyrighted Software and s. 27 of the *Act*, the Plaintiffs have the sole right to produce and reproduce the Copyrighted Software or any substantial part thereof pursuant to s. 3(1) of the *Act*.

ProCLASS Distribution Management System

16. Digiflex's ProCLASS Distribution Management System (referred to herein as **ProCLASS** or the **ProCLASS Software**) was the first integrated software system for distribution businesses that incorporated functionality for retail, wholesale, and foodservice distribution operations in a single system. ProCLASS has an exceptional track-record, running for 7 days a week, 24 hours a day, with no issues, for multiple years.

17. ProCLASS's source code, object code, updates and modifications thereto are the product of skill and judgment and subject to copyright protection as a literary work under the *Act*.

18. ProCLASS was registered as a literary work, computer software, with CIPO on January 19, 1999, under Copyright Registration No. 474852. This original copyright registration extends to ProCLASS software updates built on the source code, all of which have been authored by Mr. Mardukhi himself, or other Digiflex employees.

19. As an author of ProCLASS, Mr. Mardukhi has the moral right to the integrity of his work and the moral right to be associated with his work. At no time following the creation of ProCLASS has Mr. Mardukhi waived any of his moral rights in ProCLASS.

CLASS Financials Software

20. In association with ProCLASS, Digiflex's CLASS Financials software programs allow distribution and logistics companies to integrate their logistics and financial data. The CLASS Financials software comprises a suite of software programs, whose source code, object code, updates and modifications thereto are the product of skill and judgment and subject to copyright protection as a literary work under the *Act*. CLASS Financials software programs include:

- (a) "CLASS Accounts Receivable", registered with CIPO on January 19, 1999, under Copyright Registration No. 474853;

- (b) "CLASS Accounts Payable", registered with CIPO on January 19, 1999, under Copyright Registration No. 474854; and
- (c) "CLASS General Ledger", registered with CIPO on January 19, 1999, under Copyright Registration No. 474857.

(collectively, CLASS Accounts Receivable, CLASS Accounts Payable and CLASS General Ledger are referred to as the **CLASS Financials Software**).

21. As an author the CLASS Financials Software, Mr. Mardukhi has the moral right to the integrity of his works and the moral right to be associated with his works. At no time following the creation of the CLASS Financials Software has Mr. Mardukhi waived any of his moral rights in respect of the CLASS Financials Software.

LAZER DBMS

22. LAZER DBMS is a software program that serves as the database management system for the ProCLASS and CLASS Financials Software. LAZER DBMS's source code, object code, updates and modifications thereto are the product of skill and judgment and subject to copyright protection as a literary work under the *Act*.

23. LAZER DBMS was registered as a literary work, computer software, with CIPO on January 19, 1999, under Copyright Registration No. 474858. This original copyright registration extends to LAZER DBMS software updates built on the source code, all of which have been authored by Mr. Mardukhi.

24. As the author LAZER DBMS, Mr. Mardukhi has the moral right to the integrity of his work and the moral right to be associated with his work. At no time following the creation of LAZER DBMS has Mr. Mardukhi waived any of his moral rights in respect of LAZER DBMS.

Digiflex licenses its Copyrighted Software

25. For over 30 years, Digiflex has been licensing its Copyrighted Software to distribution companies throughout Canada, the United States and Malaysia. A customer wishing to use the Copyrighted Software must buy a "Software License" to use the software, payable via a single lump sum fee, which grants the customer a non-transferrable, non-exclusive, perpetual license to use the Copyrighted Software.

26. In addition, the customer must agree to an annual "Maintenance Agreement" under which Digiflex will provide ongoing support, software enhancements, upgrades, and a 24/7 support line. Digiflex's fee under the Maintenance Agreement varies each year.

27. Upon execution of a license agreement, Digiflex installs the Copyrighted Software onto licensee-owned servers. The Copyrighted Software is subsequently accessed from individual personal computers (PCs) of the licensee via emulation software.

28. The Copyrighted Software source code, database schemas and documentation all contain statements which provide notice that the software is subject to copyright protection and only provided under a license. The notice of copyright protection also states that the Copyrighted Software may only be used and copied in accordance with the terms of the license. The notice also indicates that the software may not be provided to other persons not subject to the license, and that no title or ownership of the software has been transferred.

Digiflex's software license with Wallace & Carey

29. One of Digiflex's long-term licensees was Wallace & Carey Inc. (W&C). W&C was a privately held distribution and logistics company that was extra-provincially registered to conduct business in most provinces and territories in Canada. For Northwestern Ontario, W&C operated through its wholly owned subsidiary Loudon Bros Limited (Loudon Bros).

30. From 2000 – 2023, W&C, together with Loudon Bros and its parent company Carey Management Inc. (CMI), supplied and distributed thousands of products to more than 7,000 customers across Canada. It was once one of Canada's largest independent wholesale distribution and logistic companies. As detailed further below, W&C's largest customer was 7-Eleven Canada.

31. Beginning in 2000, Digiflex licensed the Copyrighted Software to W&C through three Software Licenses:

- (a) a license to use the ProCLASS Software and LAZER DMBS executed March 9, 2000;
- (b) a license to use the CLASS Financials Software, executed on August 12, 2003; and
- (c) a license to use the ProCLASSBI Intelligence Suite, executed on April 23, 2012

(referred to collectively, herein as the **W&C Software Licenses**).

32. The W&C Software Licenses were non-transferable, non-exclusive, perpetual licenses to use the Copyrighted Software. The W&C Software Licenses included, among others, the following terms:

- (a) **Restricted use rights (section 4).** The W&C Software Licenses were restricted to W&C's "current" business, and did not apply to "[n]ew business acquisitions";
- (b) **Right to terminate (section 5).** The W&C Software Licenses permitted Digiflex to terminate the license if W&C breached any of its obligations thereunder;
- (c) **Requirement to return or destroy the software upon termination (section 5).** The W&C Software Licenses required W&C to return or destroy all copies of the software to Digiflex;
- (d) **An acknowledgement of copyright ownership (section 12).** W&C acknowledged that Digiflex owned all of the intellectual property associated with the software, including the copyrights; and
- (e) **Non-assignable (section 15).** Neither party was permitted to assign their rights under the licenses without written consent of the other.

33. W&C used the Copyrighted Software for over 23 years. With the Copyrighted Software as its backbone, W&C managed to grow from annual sales of \$200 million to over \$2 billion.

THE DEFENDANTS' INFRINGING ACTS

34. As detailed in the facts below, beginning on November 19, 2023 and continuing to today, 7-Eleven has, without authorization from the Plaintiffs, used, copied and reproduced unauthorized reproductions of the Copyrighted Software. 7-Eleven has also infringed Mr. Mardukhi's moral rights in the Copyrighted Software.

Wallace & Carey becomes insolvent and seeks protection under the Companies' Creditors Arrangement Act

35. Beginning in the COVID-19 pandemic, W&C and Loudon Bros faced significant operational and financial challenges due to government shut-downs, inflation and driver and labour shortages. By 2023, W&C had incurred significant unsecured debt, and on June 22, 2023, the Court of King's Bench of Alberta granted protection to W&C, Loudon Bros and CMI (referred to collectively throughout as **W&C**, unless differentiated) under the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 (the **CCAA**).

36. Pursuant to the CCAA, W&C was to carry on its business in a manner consistent with the preservation of its business. As is typical in CCAA proceedings, those having agreements with W&C, such as Digiflex, were prevented from terminating or interfering with such agreements.

7-Eleven buys Wallace & Carey's assets but does not seek an assignment of the W&C Software Licenses

37. In August 2023, W&C solicited offers for all or part of its business. In response, W&C received an offer from 7-Eleven Canada for the purchase of some of its assets, which was ultimately accepted. 7-Eleven Canada was W&C's largest customer, and it had approximately 540 7-Eleven stores throughout Canada that relied on W&C's logistic services. 7-Eleven used W&C to create its own in-house logistics and distribution company, SEDCC.

38. On November 19, 2023, 7-Eleven Canada and W&C closed an Asset Purchase Agreement (the APA). The APA transferred title of W&C's personal and tangible assets located in Alberta and British Columbia to 7-Eleven Canada. This included the transfer of ownership of W&C's information technology systems, including their servers and personal computers to 7-Eleven Canada.

39. The transaction also involved the assignment of a number of contracts from W&C to 7-Eleven Canada (the **Assigned Contracts**).

40. The W&C Software Licenses were not included in the definition of Assigned Contracts. In fact, neither Digiflex, nor any ERP software was referenced in the APA. Further, at no time during the closing of the APA was Digiflex notified about the transaction between 7-Eleven and W&C.

41. On February 7, 2025, W&C sold any remaining assets it had to SEDCC (the **SEDCC Transaction**). The W&C Software Licenses were also not contemplated in the SEDCC Transaction.

The Transition Service Agreement

42. As part of the APA, W&C and 7-Eleven Canada entered into a Transition Service Agreement (the TSA), which came into force on November 21, 2023. Under the TSA, 7-Eleven Canada was to be the only go-forward customer of W&C.

43. The term of the TSA was set to be 15 months for Alberta and British Columbia, and nine months for business east of Alberta. The TSA also gave 7-Eleven the option of two 90-day extensions.

44. The TSA does not reference Digiflex or the W&C Software Licenses.

7-Eleven misleads Digiflex as to who is using the Copyrighted Software

45. Approximately eight months after the close of the APA, on July 4, 2024, Digiflex received an email from W&C's IT Director asking Digiflex for a quote to set up a separate ERP system using the Copyrighted

Software for "a new distribution company" (which Digiflex subsequently learned was SEDCC) that would begin operating January 1, 2025. Digiflex advised that this was a major request and it would require substantial new license fees. On July 12, 2024, following another request for a quote for the new company, Digiflex provided quotes for license and maintenance fees based on \$100 million, \$600 million, and \$700 million annual sales.

46. On July 22, 2024, ten days after Digiflex provided the quote for the new company's ERP system, W&C's IT Director informed Digiflex that she was mistaken and that no new company ERP system would be required. Rather, W&C's name was simply to be changed to the new company name and the fiscal year would change to monthly reporting, effective January 1, 2025. In response, Digiflex advised that a new license would still be required as a new company would be using the software.

47. Digiflex also subsequently started to receive email correspondence from 7-Eleven employees. Such correspondence included inquiries from 7-Eleven related to the annual maintenance fee to support the Copyrighted Software. 7-Eleven, Inc.'s Director of Logistics initially instructed Digiflex to address the invoice for the annual maintenance fee to SEDCC. However, after Digiflex advised that SEDCC would not be entitled to any maintenance support without entering into a new software license, the same Director of Logistics advised that 7-Eleven was not using the Copyrighted Software, that only W&C was.

48. Digiflex advised 7-Eleven that it was not aware of the APA and that the change in ownership of W&C affected all of the W&C Software Licenses. On November 12, 2024, Digiflex sent 7-Eleven a software license agreement for its execution, an invoice for SEDCC's license fees, and an invoice for one-year of maintenance services for SEDCC. Digiflex asked that they be paid upon receipt.

49. To date, 7-Eleven has refused to execute the software license agreement, and to pay the license and maintenance fees, despite repeated requests from Digiflex. 7-Eleven continues to do so even though: (i) the Monitor has admitted that the W&C Licenses were not assigned to 7-Eleven as part of the CCAA process; and (ii) W&C is no longer operational. W&C no longer has any employees, directors or officers.

50. Rather than pay for a new license to use the Copyrighted Software, 7-Eleven claims that the TSA requires Digiflex to continue to provide services to 7-Eleven (which it does not) and has also sought relief in the Alberta Court of King's Bench by way of a mandatory injunction to force Digiflex to continue to permit 7-Eleven to use the Copyrighted Software. In response, the Alberta Court of King's Bench has granted Digiflex the right to bring an application to set aside the TSA and bring any further action against 7-Eleven.

7-Eleven's actions amount to copyright infringement and moral rights infringement

51. Beginning on November 19, 2023, and continuing to date, 7-Eleven has, without the authorization of Digiflex or Mr. Mardukhi, used, copied and reproduced unauthorized reproductions of the Copyrighted Software.

52. On November 19, 2023, title of W&C's servers with copies of the Copyrighted Software were transferred to 7-Eleven Canada pursuant to the APA. From the moment 7-Eleven Canada owned these servers, it was in possession of an unauthorized copy of the Copyrighted Software.

53. Further, on November 19, 2023, title of W&C's personal computers were transferred to 7-Eleven Canada pursuant to the APA. From the date 7-Eleven owned these personal computers, and continuing to date, 7-Eleven, through its employees, or representatives (including representatives at W&C), has been using unauthorized copies of the Copyrighted Software on these personal computers or computer systems associated with 7-Eleven's business in Canada for a commercial purpose.

54. At no time has 7-Eleven had a license to use, reproduce or make copies of the Copyrighted Software. Moreover, 7-Eleven cannot benefit from the W&C Software Licenses. 7-Eleven never sought an assignment of the W&C Software Licenses as part of the APA, and the TSA does not permit 7-Eleven's actions:

- (a) The TSA does not require W&C to provide services to 7-Eleven that fall outside the scope of what W&C's business was prior to entering the TSA, pursuant to s. 21(a)(ii). Prior to entering the TSA, W&C's business was to provide distribution and logistics services to thousands of customers, and to make profits for W&C. After the TSA, to the extent W&C continued to operate, it was operating as an in-house distribution centre for 7-Eleven;
- (b) The TSA does not require W&C to provide services to 7-Eleven which would violate any statute or contract to which W&C is subject, pursuant to s. 21(b)(i). W&C's use of the Copyrighted Software for 7-Eleven's benefit violates both the W&C Software Licenses and s. 3(1) of the *Act*.

55. Further, the CCAA regime does not permit a buyer (here, 7-Eleven) of an insolvent company's assets to profit from an invaluable IP license that the insolvent company (here, W&C) had with the IP licensor/owner (here, Digiflex) without giving the IP licensor/owner a voice in the matter. If a buyer wants to use the same technology as a debtor company, it has options to do so: either seek an assignment of the license (which would have given Digiflex the chance to speak up) or pay for a new license. 7-Eleven has

done neither. 7-Eleven's actions with respect to Digiflex and the Copyrighted Software do not fall within the purpose of the CCAA regime.

7-Eleven's actions infringe on Mr. Mardukhi's moral rights

56. Since the close of the 7-Eleven transaction on November 19, 2023, 7-Eleven has been infringing Mr. Mardukhi's moral rights in the Copyrighted Software while continuing to mock him. 7-Eleven's conduct and values do not equate with the type of conduct expected of a good corporate citizen. This is not the type of institution that Mr. Mardukhi envisioned using his Copyrighted Software, and such use prejudices Mr. Mardukhi's honour.

57. Even though 7-Eleven has admitted that its Canadian retail business is entirely dependent on the Copyrighted Software, 7-Eleven has shown no respect to Digiflex or Mr. Mardukhi. To the contrary, 7-Eleven has threatened Mr. Mardukhi with imprisonment and financial penalties, and has shamed him for requesting that 7-Eleven pay to use a software which keeps its business afloat. Further, 7-Eleven has framed Mr. Mardukhi and Digiflex as seeking a windfall from 7-Eleven by comparing the license fee that Digiflex is charging 7-Eleven in 2025, to the original license fee that Digiflex charged W&C in the early 2000s. This is a further affront to Mr. Mardukhi's honour.

58. Further, 7-Eleven has placed Mr. Mardukhi in a position where he himself must be available to provide 7-Eleven with immediate maintenance calls related to the Copyrighted Software. Mr. Mardukhi is essentially being held hostage by 7-Eleven: a customer who refuses to pay to use his Copyrighted Works.

In the alternative, 7-Eleven induced, or acted in concert with Wallace & Carey to infringe the Copyrighted Software and Mr. Mardukhi's moral rights

59. In the alternative, to the extent W&C was using the Copyrighted Software following the execution of the APA, which is not admitted but expressly denied, 7-Eleven is still liable to the Plaintiffs by either inducing W&C to infringe the Copyrighted Software, or by acting in concert with W&C with a common design to infringe the Copyrighted Software.

60. To the extent W&C was using the Copyrighted Software following the execution of the APA, which is not admitted but expressly denied, W&C's use of the Copyrighted Software fell outside of the permitted uses in the W&C Software Licenses. Under the W&C Software Licenses, W&C had no rights to permit third-party use, assign its rights, or use the Copyrighted Software for new business acquisitions.

61. 7-Eleven provided direction to W&C as to how the Copyrighted Software should be used following the execution of the APA to set up the new SEDCC distribution business. W&C's acts of copyright infringement would not have occurred without the direction and influence of 7-Eleven.

62. W&C's copyright infringing activities were orchestrated and coordinated by 7-Eleven. 7-Eleven acted in concert with W&C and in a common design to infringe the Copyrighted Software. The use of the Copyrighted Software outside the permitted uses of the W&C Software Licenses was pursuant to the APA and the TSA which were entered into between W&C and 7-Eleven Canada upon the direction of 7-Eleven Inc. 7-Eleven orchestrated and coordinated this common design for its own gain. While the Court approved the APA and the TSA, it did so without the knowledge of the Plaintiffs' allegations of copyright infringement (given that Digiflex had not been provided with any notice of the transaction), and without the knowledge of the effects that it would have on Mr. Mardukhi's moral rights.

REMEDIES

63. Based on the foregoing, 7-Eleven has made, and continues to make, a profit, while the Plaintiffs have suffered, and will continue to suffer, damages, until 7-Eleven is restrained by this Honourable Court.

The Plaintiffs are entitled to all of 7-Eleven's Canadian retail profits earned since November 19, 2023

64. 7-Eleven has admitted that the Copyrighted Software is vital and central to its business. 7-Eleven Inc.'s Director of Logistics has stated that if 7-Eleven Inc. did not have access to the Copyrighted Software, SEDCC's logistics business would come to a "complete halt" and result in "catastrophic disruption of 7-Eleven Canada's retail business across Canada". In other words, 7-Eleven has admitted that, but for its use of the Copyrighted Software, 7-Eleven Canada would not have made, and could not make, any profits from its Canadian retail business.

65. The Plaintiffs are entitled to an accounting of all of 7-Eleven's profits from its Canadian retail business from the closing date of the APA (November 19, 2023) and continuing until the earliest date of either: (i) the date that 7-Eleven executes a software license with Digiflex to use the Copyrighted Software; or (ii) the date when Digiflex ceases to provide 7-Eleven with access to the Copyrighted Software.

66. The Plaintiffs claim all of 7-Eleven's Canadian retail profits wherever they may lie. 7-Eleven Inc., 7-Eleven Canada and SEDCC have acted in concert and have undertaken steps to transfer profits as between them, in an attempt to shield profits made by 7-Eleven Canada and SEDCC. 7-Eleven Inc. approved 7-Eleven Canada's and SEDCC's actions related to the unauthorized use of the Copyrighted Software.

The Plaintiffs are entitled to damages in the form of lost license and maintenance fees

67. In addition to an accounting of 7-Eleven's profits, the Plaintiffs are also entitled to the damages they have suffered due to 7-Eleven's infringing acts, pursuant to s. 34(1) and s. 35(1) of the *Act*. The Plaintiffs claim the payment of 7-Eleven's outstanding license fee and maintenance fees, with interest.

The Plaintiffs are entitled to punitive damages

68. 7-Eleven's infringing activities have been, and will continue to be, intentional, high-handed, and with knowledge of the Plaintiffs rights, all in the pursuit of higher profits.

69. 7-Eleven is, and was, at all material times aware, knew or was willfully blind to the fact that copyright subsisted in the Copyrighted Software and that the Plaintiffs have exclusive rights over the Copyrighted Software.

70. 7-Eleven knew, or should have known, that if 7-Eleven wanted to use the Copyrighted Software, an assignment of the W&C Software Licenses would be necessary. 7-Eleven instead carries on using the Copyrighted Software without a license, attempting to hide behind the CCAA process and a company that no longer exists. 7-Eleven's actions are disingenuous and do not advance the goals of the CCAA regime. The CCAA process is meant to protect large insolvent companies and their creditors. 7-Eleven is neither.

71. Further, 7-Eleven has exploited the power imbalance between itself and the Plaintiffs. 7-Eleven is a global multi-billion-dollar company and has used its extensive resources to exploit a small Canadian software company. 7-Eleven has lied to Mr. Mardukhi, refused to negotiate with him in good faith, and has threatened to put him in prison. These are unprecedented facts which warrant a significant sum of punitive damages.

Mr. Mardukhi is entitled to remedies for the infringement of his moral rights

72. Separate and apart from the remedies owed to the Plaintiffs as a result of 7-Eleven's infringement of the Copyrighted Software, Mr. Mardukhi is also entitled to an injunction, damages, accounts, delivery up, and other remedies, pursuant to s. 34(2) of the *Act*.

73. The Plaintiffs rely on sections 2, 3, 13(3), (4) and (6), 14.1, 27(1), 28.1, 28.2, 34, 35 and 38 of the *Act*.

74. This action is not proceeding as a simplified action.

75. The Plaintiffs propose that this matter be tried in Calgary, Canada.

DATED at Calgary, Alberta on November 6, 2025

Per:



BURNET, DUCKWORTH & PALMER LLP
525 8 Ave SW, #2400
Calgary, AB T2P 1G1

Chelsea Nimmo
cnimmo@bdplaw.com

Bruna Kalinoski
bkalinowski@bdplaw.com

Solicitors for the Plaintiff

I HEREBY CERTIFY that the above document is a
true copy of the original *issued out of* the Court on

06-NOV-2025

Dated 06-NOV-2025.

Abbie Abe

Digitally signed by
Abbie Abe
Date: 2025.11.06
13:48:42 -08'00'

This is Exhibit "**D**", referred to in the Affidavit
of Jennifer Allen, affirmed before me on the
12th day of November , 2025.

A handwritten signature in black ink, appearing to read 'Aisla Anne Roberts', written over a horizontal line.

A Commissioner of Oaths in and for
the Province of Alberta

AISLA ANNE ROBERTS
A Commissioner For Oaths
In and for the Province of Alberta
My Commission Expires September 20, 2028

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Under Construction – Coming Soon

**7-Eleven Distribution Canada Corp.
Central Office**

5445 – 8 ST. NE Calgary, AB | T2K 5R9

Phone (403) 275-7360

Fax (403) 275-3921

Toll Free (800) 661-1504

Quick Links

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[Teammate Login](#)

[Supply Chains Act](#)

This is Exhibit "E", referred to in the Affidavit of
Jennifer Allen, affirmed before me on the 12th
day of November , 2025.



A Commissioner of Oaths in and for
the Province of Alberta

AISIA ANNE ROBERTS
A Commissioner For Oaths
In and for the Province of Alberta
My Commission Expires September 20, 2028



Welcome to Wallace & Carey

As one of the nation's leading distribution and logistics companies, we service more than 7,000 customer locations across the country including some of the largest retail and theatre chains, along with Canada's most successful independent businesses.

The Wallace & Carey team provides innovative, efficient, courteous, and cost-effective service. With more than 1,000 deliveries a day, adding up to millions of delivered items each year, we work hard to make sure our customers get what they need when they need it, and we get it right the first time!

Who We Are



Convenience / Grocery / Foodservice



Entertainment / Theaters



Third Party Supply Chain

Wallace and Carey
Central Office
5445 - 8 ST. NE Calgary, AB | T2K 5R9
Phone(403)275-7360
Fax(403)275-3921
Toll Free(800)661-1504

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[Bill S-211 Statement](#)