

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

No. : 500-11-050409-164

SUPERIOR COURT  
Commercial Division  
(Sitting as a court designated pursuant to the  
*Companies' Creditors Arrangement Act*,  
R.S.C., c. C-36, as amended)

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

7098961 CANADA INC.,

Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Monitor

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APPLICATION FOR THE ISSUANCE OF AN ORDER EXTENDING THE STAY OF  
PROCEEDINGS

*(Section 11.02 of the Companies' Creditors Arrangement Act)*

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING  
IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF  
MONTRÉAL, THE PETITIONER RESPECTFULLY SUBMITS THE FOLLOWING:

I. INTRODUCTION

1. On March 24, 2016, the Honourable Justice Martin Castonguay, J.S.C., issued an initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of 7098961 Canada Inc. (formerly known as Beyond the Rack Enterprises Inc., the "**Company**" or the "**Petitioner**") as appears from the Court record.
2. Pursuant to the Initial Order, Richter Advisory Group Inc. (the "**Monitor**") was appointed as Monitor to the Company and a stay of proceedings (the "**Stay of Proceedings**") was issued from the date of the Initial Order until April 22, 2016 (the "**Stay Period**").

3. On April 20, 2016, the Stay of Proceedings was extended temporarily to April 25, 2016, and was extended again on several occasions, most recently, until May 20, 2016, as appears from the Court record.
4. The Company hereby seeks an order from this Court extending the Stay Period until May 24, 2016.

## II. RECENT DEVELOPMENTS

5. Following an expedited sale and solicitation process, which culminated in the acceptance by the Company of an offer for the restructuring of the Company's business and assets, on or around April 21, 2016, the Company filed a motion entitled *Application for the Issuance of (i) a Claims and Meeting Procedure Order (ii) an Order Approving an Asset Purchase Agreement and (iii) an Order Approving an Increase of the DIP Facility* (the "**Application for the Approval of the Sale and Other Relief**").
6. On or around April 22, 2016, the Monitor filed an *Application for Directions Pertaining to the Unauthorized Compensation of Cancelled Pre-Filing Orders by the Mis-en-Cause Credit Cards Settling Institutions* (as amended, the "**Application for Directions**"), relating to the compensation by the Payment Processors (as defined in the Initial Order) between (a) remittances owed to the Company of credit card payments relating to credit card sales made after the date of the Initial Order, and (b) amounts owed to the Payment Processors relating to cancelled credit card sales made before the date of the Initial Order, the whole as appears from the Court record.
7. On May 6, 2016, the Honourable Justice Pinsonnault issued a judgment on both the Application for the Approval of the Sale and Other Relief and on the Application for Directions (the "**Judgment**"), in which it dismissed the Application for the Approval of the Sale and Other Relief, as well as the Application for Directions, while extending the Stay Period to May 13, 2016, so as to allow the Company to properly react to the implications of the Judgment.
8. On May 13, 2016, the Court extended the Stay Period to May 20, 2016, thereby allowing the Company, 9523669 Canada Inc. (the "**DIP Lender**") and the Company's primary payment processor, Paysafe Merchant Services Inc. and Paysafe Merchant Service Corp. (collectively, "**Paysafe**") to reach an agreement in connection with the operations of the Company going-forward.

## III. THE ONGOING NEGOTIATIONS

9. Since the issuance of the extension of the Stay Period on May 13, 2016, the DIP Lender, Paysafe and the Company have continued their discussions in connection with the operations of the Company going-forward, and in this regard, have reached an agreement which they are in the process of executing.

10. As a result, the Company will likely sign a purchase agreement with an affiliate of the DIP Lender in the coming days, and will return to Court for the approval of any such agreement.
11. As such, the extension of the Stay Period is necessary in order to provide the Company with the necessary delays to finalize and execute the agreement with the DIP Lender and Paysafe, and emerge with a proposed restructuring of its business and operations that is in the best interest of the Company and its stakeholders.
12. The Company is requesting a short extension of the Stay Period, and in this regard, no creditor will suffer any undue prejudice by the extension of the Stay Period.
13. As such, the Company respectfully submits that it is appropriate, in the circumstances, to grant the present Application and order the extension of the Stay Period to May 24, 2016.
14. The present Application is well founded in fact and in law.

**WHEREFORE, MAY THIS COURT:**

**GRANT** the present *Application for the Issuance of an Order Extending the Stay of Proceedings* (the "**Application**");

**DECLARE** that the notices given for the presentation of the Application are proper and sufficient;

**EXTEND** the Stay Period (as defined in the Motion) until May 24, 2016;

**ORDER** the provisional execution of this Order to be rendered notwithstanding any appeal and without the necessity of furnishing any security.

**THE WHOLE WITHOUT COSTS**, save and except in case of contestation.

MONTREAL, May 20, 2016

*Stikeman Elliott LLP*

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**STIKEMAN ELLIOTT LLP**

Attorneys for the Petitioner

**AFFIDAVIT**

I, the undersigned, GUY P. MARTEL, Attorney, carrying on my profession at 1155 René-Lévesque Boulevard West, Suite 4000, in the City of Montreal, Province of Quebec, do solemnly declare as follows:

1. I am one of the attorneys for the Petitioner in the present case;
2. All the factual allegations contained in the *Application for the Issuance of an Order Extending the Stay of Proceedings* are true.

**AND I HAVE SIGNED:**

\_\_\_\_\_  
Guy P. Martel

Solemnly declared before me in Montreal,  
on the 20<sup>th</sup> day of May, 2016

\_\_\_\_\_  
*[Signature]*



NOTICE OF PRESENTATION

To: Service List

**TAKE NOTICE** that the *Application for the Issuance of an Order Extending the Stay of Proceedings* will be presented for adjudication before one of the Honourable Judges of the Superior Court, sitting Commercial Division in and for the District of Montréal, at the Montréal Court House, 1 Notre-Dame Street East, Montréal, Quebec at a time and place to be communicated to the Service List.

**DO GOVERN YOURSELVES ACCORDINGLY.**

MONTRÉAL, May 20, 2016

*Stikeman Elliott LLP*

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**STIKEMAN ELLIOTT LLP**  
Attorneys for the Petitioner

**SUPERIOR COURT**  
**(Commercial Division)**

(Sitting as a court designated pursuant to the  
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BS0350

File: 137950-1006

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**APPLICATION FOR THE ISSUANCE OF AN ORDER  
EXTENDING THE STAY OF PROCEEDINGS**

*(Section 11.02 of the Companies' Creditors  
Arrangement Act),*

**AFFIDAVIT AND NOTICE OF PRESENTATION**

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**ORIGINAL**

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