

2022

Hfx. No. 516182

Supreme Court of Nova Scotia

Application by Intelivote Systems Inc (the “Applicant”) for relief under the *Companies’
Creditors Arrangement Act*

**PLAN OF ARRANGEMENT UNDER PART 1 OF
COMPANIES’ CREDITORS ARRANGEMENT ACT**

Dated July 22, 2022

INTELIVOTE SYSTEMS INC. hereby submits the following Plan of Arrangement to their Creditors and Shareholders.

(A)

DEFINITIONS

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below:

- (a) **"Act"** means the *Companies' Creditors Arrangement Act*, as amended, and the regulations thereunder;
- (b) **"Administrative Fees and Expenses"** means the proper fees, expenses, including legal fees and disbursements, of the Company, including the fees and disbursements of Boyne Clarke and of Grant Thornton, and of Grant Thornton's solicitors, on and incidental to the negotiation, preparation, presentation, consideration and implementation of the Plan of Arrangement, and all proceedings and matters relating to or arising out of the Plan of Arrangement;
- (c) **"Business Day"** means a day, other than a Saturday or Sunday, or a statutory holiday observed by chartered banks in Halifax, Nova Scotia;
- (d) **"Boyne Clarke"** means BOYNECLARKE LLP;
- (e) **"Claim"** means the claim of a Creditor;
- (f) **"Company"** or **"Intelivote"** means Intelivote Systems Inc., a company incorporated and existing under the *Companies Act* (Nova Scotia).
- (g) **"Company Shares"** means all the shares in the capital of the Company, of whatever class;
- (h) **"Company Shareholders"** means, at any time, the holders of the Company Shares;
- (i) **"Court"** means the Nova Scotia Supreme Court;
- (j) **"Creditor"** means any Person having a claim against the Company in connection with any indebtedness, liability or obligation of any kind of the Company which, excluding accruing interest, was more than ninety (90) days past due as of December 31, 2021, all of which Persons are identified in Schedule "A" hereto, whether said indebtedness, liability or obligation had or has not been reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured,

disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, and for greater certainty any interest on such obligation forms part of the Claim, but excluding therefrom any Claims which were statute barred as of the date of the Initial Order;

- (k) **"Creditor Fund"** means the sum of Three Hundred Thousand Dollars (\$300,000.00), One Hundred and Twenty-Five Thousand Dollars (\$125,000.00) of said fund being contributed on the Effective Date by Dean Smith or Novasoft Associates Incorporated as a loan to the Company, and the remaining One Hundred and Seventy-Five Thousand Dollars (\$175,000) coming from the Company's resources;
- (l) **"Creditors' Meeting"** means the meeting of the Creditors called for the purpose of considering and voting upon the Plan of Arrangement;
- (m) **"Creditors' Meeting Date"** means the date and time as may be called for the meeting of creditors to consider the Plan of Arrangement;
- (n) **"Directors"** means the Company's current directors;
- (o) **"Effective Date"** means the date of approval of the Court giving effect to the Plan of Arrangement, or such other date as the Court may determine;
- (p) **"Effective Time"** means 12:01 a.m. on the Effective Date;
- (q) **"Existing Shareholders"** means all persons owning Company Shares or any right transferrable in exchange for a Company Share existing as of December 31, 2021;
- (r) **"Final Order"** means the final order of the Court made pursuant to section 6(1)) of the *Act*, sanctioning the Plan of Arrangement, as such order may be amended at any time prior to the Effective Time, pursuant to the *Act* or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (s) **"Intelivote"** means the Company;
- (t) **"Interim Order"** means the interim order of the Court, as such order may be amended made in connection with the Plan of Arrangement, providing for, among other things, the calling and holding of the Creditors Meeting;
- (u) **"Monitor"** means Grant Thornton Limited;
- (v) **"Notice of Creditors Meeting"** means that notice referred to in article 4 herein, and which shall include a copy of this Plan of Arrangement together with a copy of all materials filed to that date with the Court;
- (w) **"NSBI"** means Nova Scotia Business Inc.;

- (x) **"Person"** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (y) **"Plan of Arrangement"** means this plan of arrangement, as amended, modified or supplemented from time to time in accordance herewith and in accordance with any order of the Court;
- (z) **"Related Creditor"** means each of Dean Smith and Novasoft Associates Incorporated.;
- (aa) **"Secured Creditor"** means NSBI;
- (bb) **"Transaction"** means the consummation of the Plan of Arrangement, as contemplated herein; and
- (cc) **"Unaffected Creditor"** means any creditor having a claim against the Company in connection with any indebtedness, liability or obligation of any kind of the Company which, excluding accruing interest, was less than ninety (90) days past due as of December 31, 2021.

1.2 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Plan of Arrangement and not to any particular article, section, subsection, clause or paragraph of the Plan of Arrangement and include any agreements supplemental hereto. In the Plan of Arrangement, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Plan of Arrangement.

1.3 Interpretation Not Affected by Headings

The division of the Plan of Arrangement into articles, sections, subsections, clauses or paragraphs and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Plan of Arrangement.

1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day. Actions described herein shall occur and be deemed to occur in the order specified.

1.5 Time

All times expressed herein are local time in Halifax, Nova Scotia, Canada unless otherwise stipulated. Where the time for anything pursuant to the Plan of Arrangement on a particular date

is unspecified herein, the time shall be deemed to be 5:00 p.m. local time in Halifax, Nova Scotia, Canada.

1.6 Numbers

In the Plan of Arrangement, where the context requires, a word importing the singular number will include the plural and *vice versa* and a word or words importing gender will include all genders.

1.7 Currency

Unless otherwise stated herein, all references to currency in the Plan of Arrangement are to lawful money of Canada.

1.8 Statutory References

Except as otherwise provided herein, any reference in the Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.9 Successors and Assigns

The Plan of Arrangement will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Plan of Arrangement.

1.10 Administrative Fees and Expenses

The Administrative Fees and Expenses will be paid in full by the Company.

(B)

CLASSIFICATION AND TREATMENT OF CREDITORS

2.1 Unaffected Creditors

For the purposes of distribution and voting on the Plan of Arrangement, the Unaffected Creditors will not be entitled to vote on the Plan of Arrangement at the Creditors Meeting, will not be entitled to any dividends under the Plan of Arrangement, and their debts will not be compromised by the Plan of Arrangement.

2.2 Meetings of Creditors

For the purposes of voting on the Plan of Arrangement, the Creditors will be entitled to vote on the Plan of Arrangement at the Creditors Meeting.

2.2 Voting at Meetings of Creditors

For the purpose of voting on the Plan of Arrangement there shall be two (2) classes of Creditors, one (1) such class consisting of the Secured Creditor and one (1) such class consisting of the remaining Creditors.

2.3 Related Creditors

The Related Creditors shall not be entitled to vote in favour of the Plan of Arrangement and shall not receive a distribution under the Plan of Arrangement. Notwithstanding same, upon the Effective Date any indebtedness, liability or obligation of any kind of the Company to the Related Creditor which is more than ninety (90) days past due shall be deemed discharged, and any security therefor surrendered.

2.4 Secured Creditor

The value of the Secured Creditor's security shall be set at Sixty Thousand Dollars (\$60,000.00), with the remainder of the said debt to be assessed as unsecured for the purposes of voting with the remaining Creditors.

2.5 Creditors

Other than the Secured Creditor who shall be paid the value of its security as described in Article 2.4 hereof, the remaining Creditors (which shall include NSBI in respect of the unsecured portion of its debt claim) shall be entitled to a distribution of the remaining Two Hundred and Forty Thousand Dollars (\$240,000) amount as contemplated under this Plan of Arrangement on a *pro rata* basis.

2.6 Other Creditors

Nothing in this Plan of Arrangement shall be deemed to affect any indebtedness, liability or other obligation of the Company other than those specifically referred to herein.

(C)

PROCEDURE FOR VALIDATION OF CLAIMS

3.1 Filing of Proofs of Claim

Each Creditor must file a Proof of Claim with the Company at least five (5) Business Days before the Creditor Meeting which shall state the amount of their Claim.

3.2 Allowance or Disallowance of Claims by the Company

Upon receipt of a completed Proof of Claim, the Company shall examine the Proof of Claim and allow, disallow or revalue and allow same. Should the Company take issue with any such Proof of Claim, and should such issue not be resolved by agreement between the Company and the

Creditor, the re-valuation or disallowance made by the Company shall govern unless, within seven (7) days of such re-valuation or disallowance, the Creditor applies to the Court to resolve the issue.

(D)

MEETING OF CREDITORS

4.1 Creditors' Meeting

On the Creditors' Meeting Date, the Company shall hold the Creditors' Meeting in order for the Creditors to consider and vote upon the Plan of Arrangement.

4.2 Time and Place of Meeting

Unless otherwise ordered by the Court, the Creditors' Meeting shall be held at a time and place to be established by the Company and confirmed in the Notice of Creditors Meeting to be delivered to the Creditors by mail, courier, fax or e-mail to the last known address of each Creditor at least Twenty-One (21) days prior to said meeting.

4.3 Conduct of Meetings

The Monitor or the nominee thereof, shall preside as the chair of the Creditors Meeting and will decide all matters relating to the conduct of the Creditors Meeting. The only persons entitled to attend the Creditors Meeting are those persons, including the holders of proxies, entitled to vote at the Creditors Meeting, and their respective legal counsel, if any, and the officers, directors, auditors and legal counsel of the Company, together with such scrutineers as may be duly appointed by the chair of such meeting. Any other person may be admitted on invitation of the chair of the Creditors Meeting or with the consent of a majority in number of the Creditors.

4.4 Voting by Creditors

Each Creditor will be entitled to vote with one (1) vote for each dollar of its accepted Claim.

4.5 Adjournments

The chairman may, with the consent of a majority in number representing one half in value of the Creditors, adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting until and unless the notice provisions set out in article 4.2 herein have been complied with, excepting that the notice period for the resumption of such adjourned meeting shall be seven (7) days.

4.6 Approval by Creditors

The Plan of Arrangement will be binding on the Existing Shareholders, the Creditors and the Related Creditors if: (a) it is accepted by the Secured Creditor, (b) it is accepted by a majority in number representing two thirds in value of the class of Creditors, present either in person or by proxy at the meeting, and (c) the Final Order is made.

(E)

COMPANY SHARES

- 5.1 125 new common shares will be issued to Dean Smith or Novasoft Associates Incorporated; and
- 5.2 All prior existing Company Shares and options will be cancelled without any liability, payment or other compensation to Existing Shareholders in respect thereof.

(F)

TERMS OF THE PLAN OF ARRANGEMENT

6.1 Arrangement and Reorganization

This Plan of Arrangement is made pursuant to and constitutes a compromise or arrangement as referred to in Part 1 of the Act.

6.2 Binding Effect

This Plan of Arrangement, upon the sanctioning by the Court, will become effective and be binding on and after the Effective Time on:

- (a) The Company;
- (b) The Existing Shareholders;

- (c) The Creditors;
- (d) The Secured Creditor; and
- (e) all other Persons,

and upon payment of the dividends under the Plan of Arrangement without further act or formality required on the part of any Person except as expressly provided herein, all Claims will be discharged and released.

6.3 Effective Date

Without any further act or formality, each of the events set out below shall be deemed to occur immediately after the occurrence of the transaction or event immediately preceding it:

- (a) Upon the Effective Date, the claims of the Secured Creditor and the Creditors shall be expunged absolutely, and any and all security in respect of same shall be released, and all the claims shall be foreclosed and barred forever;
- (b) All prior existing Company Shares and options will be cancelled without any liability, payment or other compensation to Existing Shareholders in respect thereof, and the Company shall issue to Dean Smith or Novasoft Associates Incorporated 125 new common shares in the Company;
- (c) The Company will reduce its paid-up capital in respect of its issued and outstanding common shares, by such an amount that the aggregate paid-up capital of the common shares following such reduction shall be One Dollar (\$1.00);
- (d) The Company shall disburse the Creditor Fund; and
- (e) The Company will continue as a going concern with its current Memorandum of Association, Articles of Association, Directors and Registered Office, as may be amended.

(G)

DISTRIBUTION

7.1 Creditors

The Company shall disburse the Creditor Fund by payment of Sixty Thousand Dollars (\$60,000) to the Secured Creditor, and by payment of Two Hundred and Forty Thousand Dollars (\$240,000) on a *pro rata* basis to the Creditors (which shall include NSBI for the unsecured portion of its Claim), all in accordance with the provisions of this Plan of Arrangement;

7.2 Administrative Fees and Expenses

Administrative Fees and Expenses will be paid by the Company in addition to the Creditor Fund, which shall not be reduced thereby.

(H)

MISCELLANEOUS

8.1 Compromise Effective for all Purposes

The provisions of this Plan of Arrangement will be binding upon each Company Shareholder, Creditor and the Related Creditors, their heirs, executors, administrators, successors and assigns, for all purposes.

8.2 Modification of the Plan of Arrangement

The Company may propose an alteration or modification to the Plan of Arrangement prior to the vote taking place on the Plan of Arrangement provided that notice of said alteration or modification is communicated to the Creditors in the manner provided herein at least five (5) days prior any meeting to consider the Plan of Arrangement.

Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Creditors' Meeting shall be effective if it is in writing and if required by the Court, it is consented to by the Creditors, voting in the manner directed by the Court.

8.3 Consents, Waivers and Agreements

As at 12:01 a.m. on the Effective Date, the Creditors and the Related Creditor will be deemed:

- (a) to have executed and delivered to the Company all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan of Arrangement in its entirety;

- (b) to have waived any default by the Company in any provision, express or implied, in any agreement or other arrangement, written or oral, existing to which the Company is a party and that has occurred on or prior to the Effective Date;
- (c) to have agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between any Company Shareholder or Creditor and the Company as at the Effective Date (other than those entered into by the Company on, or with effect from, the Effective Date) and the provisions of this Plan of Arrangement, that the provisions of this Plan of Arrangement shall take precedence and priority and the provisions of such agreement or other arrangement shall be amended accordingly;
- (d) to have released the Company, the Monitor, and all of their respective affiliates, employees, agents, Directors, officers, shareholders, and current advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgements, expenses, executions, liens, set off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Date, relating to or arising out of or in connection with the matters herein; provided that nothing herein shall release the Company of its obligation to make the distributions to Creditors as contemplated in this Plan of Arrangement; and
- (e) to have surrendered any security held in respect of the assets and undertakings of the Company.

8.4 Conditions to Plan of Arrangement Implementation

The implementation of the Plan of Arrangement by the Company will be conditional upon the fulfilment or satisfaction of the following conditions:

- (a) The making of the Initial Order;
- (b) The acceptance of the Plan of Arrangement by the Creditors; and
- (c) The making of the Final Order and the expiry of all applicable appeal periods.

8.5 Effect of Plan of Arrangement Generally

As at 12:01 a.m. on the Effective Date:

- (a) The treatment of all Claims under the Plan of Arrangement shall be final and binding on the Company and the Related Creditor, and all Existing Shareholders

and Creditors (along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns); and

- (b) The Plan of Arrangement shall constitute: (i) a full, final and absolute settlement of all rights of the holders the Company Shares and the Claims affected hereby; and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Company and the Directors of or in respect of the Company Shares and the Claims.

8.6 Shares Post the Effective Date

On the Effective Date the Company will issue to Dean Smith or Novasoft Associates Incorporated new shares in the Company as provided for herein, which will be the only issued and outstanding shares of the Company after the Effective Date.

8.7 Further Actions

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and be deemed to occur in the order set out herein without any other additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by them in order to document or evidence any of the transactions or events set out herein.

8.8 Conduct of Company's Business

Subject to any Order made by the Court, the Company shall remain in possession and control of their property and assets at all times, both before and after implementation of this Plan of Arrangement.

(I)

GENERAL

9.1 Notices

Any notices or communication to be made or given hereunder shall be in writing and shall refer to this Plan of Arrangement and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail or by email addressed to the respective parties at their last known address, and in respect of the Company as follows:

- (a) c/o BOYNECLARKE LLP

99 Wyse Road, Suite 600
Dartmouth, NS B2Y 3Z5

Attention: Tim Hill, Q.C.

Fax: 902-463-7500
E-mail : thill@boyneclarke.ca

and in respect of the Monitor as follows:

(b) GRANT THORNTON LIMITED

Nova Centre, North Tower, Suite 1000
1675 Grafton Street,
Halifax NS B3J 0E9

Attention: Sean MacNeil
Fax: 902 420 1068
E-mail : Sean.MacNeil@ca.gt.com

9.2 Foreign Currency Obligations

For purposes of this Plan of Arrangement, Claims denominated in a currency other than Canadian funds will be converted to Canadian Dollars at the closing spot rate of exchange of the Bank of Canada on the Effective Date.

9.3 Applicable Law

This Plan of Arrangement shall be construed in accordance with the laws of the Province of Nova Scotia and the laws of Canada applicable therein.

9.4 Non-Severability

It is intended that all provisions of this Plan of Arrangement shall be fully binding on and effective between all Persons named or referred to in this Plan of Arrangement and in the event that any particular provision or provisions of this Plan of Arrangement is or are found to be void, voidable or unenforceable for any reason whatever, then the remainder of this Plan of Arrangement and all other provisions shall be void and of no force or effect

9.5 Deeming Provisions

In this Plan of Arrangement, the deeming provisions are not rebuttable and are conclusive and irrevocable.

SCHEDULE "A"

Intelivote
List of Creditors
As of May 31, 2022

Creditor	Secured Debt	Unsecured Debt	Potentially Statuted Barred Debt	Total
Nova Scotia Business Inc. (NSBI)	\$ 5,106,888			\$ 5,106,888
Shropshire sarl			4,486,168	4,486,168
Atlantic Canada Opportunities Agency (ACOA)		1,649,375		1,649,375
CHI Holdings Inc.			1,297,000	1,297,000
Wade MacLauchlan		445,200		445,200
Novasoft Associates Inc.		321,000		321,000
KTL		181,024		181,024
	\$ 5,106,888	\$ 2,596,599	\$ 5,783,168	\$ 13,486,655