

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ROYAL BANK OF CANADA

Applicant

- and -

PEACE BRIDGE DUTY FREE INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. B-3, as AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C. 43, AS AMENDED

AFFIDAVIT OF GAIL FAIRHART

I, **Ariyana Botejue**, of the City of Toronto, in the Province of Ontario, **AFFIRM**

THAT:

1. I am an assistant employed by Blaney McMurtry LLP ("**Blaney**"), who are counsel to Peace Bridge Duty Free Inc. ("**PBDFI**"). As such, I have knowledge of matters set out herein, except where I have indicated that I have obtained facts from other sources in which case I believe those facts to be true.
2. Mr. David T. Ullmann ("**Mr. Ullmann**") is counsel to PBDFI.
3. Thornton Grout Finnigan LLP ("**TGF**") is counsel for the monitor, msi Spergel Inc. (the "**Monitor**").

4. Aird & Berlis LLP (“**Aird**”) are counsel to the applicant, Royal Bank of Canada (“**RBC**”).
5. On April 9th, 2025, at 6:35 p.m., I am informed by Mr. Ullmann and verily believe, that, TGF provided Justice Kimmel with a draft revised appointment of receiver order (“**Receivership Draft**”). A copy of that email and the Receivership Draft are attached hereto and collectively marked as **Exhibit “A”**.
6. On April 15th, 2025, at 2:07 p.m., I am informed by Mr. Ullmann and verily believe that Blaney provided a copy of PBDFI’s cash flow (“**Cash Flow**”) to TGF and Aird.
7. On April 16th, 2025, at 10:41 a.m., I am informed by Mr. Ullmann and verily believe that TGF responded to Blaney’s correspondence. A copy of the April 15th and 16th email exchange, along with the Cash Flow are attached hereto and collectively marked as **Exhibit “B”**.
8. I make this affidavit in supplement to PBDFI’s position, and for no other or improper purpose.

AFFIRMED REMOTELY BEFORE ME

By Ariyana Botejue residing in the City of)
Toronto, in the Province of Ontario on this 16th)
day of April 2025, in accordance with O. Reg.)
431/20, Administering or Declaration Remotely.)
)
)
)



DAVID T. ULLMANN



ARIYANA BOTEJUE

This is Exhibit "A" referred to in the Affidavit of Ariyana Botejue
affirmed before me in the city of Toronto this 16th day of April
2025.

A handwritten signature in dark ink, appearing to be "D. T. Ullmann", written in a cursive style.

Commissioner for Taking Affidavits (or as may be)

David T. Ullmann

From: [Leanne Williams](#)
To: [Andrew J. Hatnay](#); [Bunoza, Linda \(MAG\)](#); [Hutchinson, Damian \(MAG\)](#)
Cc: [Robert Drake](#); [Veronica De Leoz](#); [mmanchanda@spergel.ca](#); [christopher.stanek@gowlingwlg.com](#); [Jeremy Nemers](#); [David T. Ullmann](#); [John C. Wolf](#); [Brendan Jones](#); [Anisha Samat](#); [Nadav Amar](#); [Cristian Delfino](#); [Rushi Chakrabarti](#); [Shea, Patrick](#); [Sanjeev Mitra](#); [Abir Shamim](#)
Subject: RE: [EXTERNAL] Royal Bank of Canada v. Peace Bridge Duty Free Inc. - Court File No. CV-21-00673084-00CL [IMAN-CLIENT.FID204985]
Date: Wednesday, April 9, 2025 6:35:51 PM
Attachments: [image001.png](#)
[Draft Revised Receivership Appointment Order April 9 2025 KM.pdf](#)



Your Honour,

As requested, below is a consolidation of the comments, without reference to any argument, received in respect of the specific terms of the attached draft Order which was prepared by counsel to the employees.

RBC's comments:

1. Para 2 and 3 -The Order speaks to the cashing of a GIC of \$850k and paying a further \$400,000. It is unclear to me how much money is in the hands of the debtor and available to pay down the bank. The bank should not have to negotiate amount of a paydown without further disclosure from the Monitor about how much should be paid immediately.
2. Para 4 I would delete the highlighted words:

THIS COURT ORDERS that Spergel is discharged from its appointment as monitor under section 101 of the CJA. Notwithstanding the discharge of the Monitor, the Debtor shall **continue to be ordered to** maintain a minimum inventory thresholds of \$1,175,000.00, or such lesser amount as determined by the Receiver or set by Order of this Court.

3. Para 5 – I am unsure how this company is not insolvent or the evidence that the Court can include the second final two sentences in this paragraph
4. Para 6 is mandatory despite the fact we have yet to see a cash flow as it is unclear if the business can continue to operate without eroding the assets of the debtor. I would have thought that a pre-condition to this type of appointment would be this type of evidence. Creditors will be compromised as I suspect there is nothing left for equity in this business.
5. Para 7 – I still have no definitive date as to when the bank is to be paid. The bank would like a definitive quick date by which it will be fully paid out the amount it is owed.

The Authority's comments:

1. The Proposed Order does not require that PBDF operate within a specified cash flow projection. Indeed there is no evidence at all that PBDF can continue to operate as is contemplated by the Proposed Order and accumulate sufficient cash from operations to repay RBC at any time in the foreseeable future.
2. The Proposed Order does not contemplate how the debt owed to the Authority is to be addressed and there is no evidence upon which the Court could reasonably conclude PBDF has the means to pay the Authority. What appears to be contemplated is that PBDF will, at some unspecified date in the future, generate sufficient cash to pay RBC and the process will then end.
3. Under the Proposed Order, the process would come to an end once RBC is paid but with the Authority remaining unpaid, which would result in the Authority exercising its distraint rights or terminating the Lease, either of which would result in the Duty Free ceasing to operate and the loss of PBDF's license.
4. The Proposed Order stays the Authority from exercising its remedies without recognition that the Authority has a first-ranking lien and distraint rights. There is no landlord waiver or inter-creditor between RBC and the Authority.
5. There are provisions for interim payments to RBC and a requirement to maintain inventory levels subject to the discretion of the Receiver which is not acceptable to the Authority and not fair to the Receiver.
6. There are no provisions in the Proposed Order that requires payment to RBC by any specific date. The Proposed Order simply allows PBDF to operate with less controls over its business than are currently in place while the receiver accumulates cash in a segregated account until at least 16 May 2025.
7. We also note that there is not requirement that the cash flow be shared with the other stakeholders. We note that PBDF previously took the position that its cash flow projections were confidential and could not be disclosed to the Authority notwithstanding the requirement for reporting under the Lease.

The Monitor's Comments:

1. The Monitor has concerns with the mandate as currently outlined in the draft Order.
2. All of the parties, including the Monitor, have expressed concern with the fact that there is no cash flow forecast available to the parties to assess the cash requirements and projected revenue of Peace Bridge. The Monitor has discussed these concerns with counsel to Peace Bridge who advises that they are prepared to work quickly with the Monitor to update the current cash flow forecast over the next 5 business days.
3. It is the Monitor's recommendation that time be given before any Order is granted to allow for the delivery of the cash flow forecast on or before April 17th so that the stakeholders can properly evaluate the impact of the proposed Order and the Monitor can more fully understand and evaluate its proposed mandate.

Leanne



Leanne M. Williams | LWilliams@tgf.ca | Direct Line +1 416 304 0060 | www.tgf.ca

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Court File No. CV-21-00673084-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE

)

TUESDAY, THE 98TH

)

JUSTICE KIMMEL

)

DAY OF APRIL,

2025

ROYAL BANK OF CANADA

Applicant

- and -

PEACE BRIDGE DUTY FREE INC.

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY
AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.
C.43, AS AMENDED**

ORDER

(appointing Receiver over Cash and Proceeds of Inventory)

THIS APPLICATION, made by Royal Bank of Canada (“**RBC**”) for an Order pursuant to ~~section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”)~~ and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”), appointing msi Spergel inc. (“**Spergel**”) as receiver (in such capacity, the “**Receiver**”), without security, of all the assets, undertakings and properties of Peace Bridge Duty Free Inc.

(the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor and all proceeds thereof, was heard this day by judicial videoconference via Zoom.

ON READING the affidavit of Christopher Schulz sworn December 2, 2021 and the exhibits thereto, the affidavit of Benjamin Paul Gardent sworn January 15, 2024 and the exhibits thereto, the affidavit of Jim Pearce sworn March 3, 2025 and the exhibits thereto, the Fourth Report of Spergel in its capacity as the court-appointed monitor of the Debtor dated March 19, 2025, the Supplement Report to the Fourth Report of Spergel in its capacity as the court-appointed monitor of the Debtor dated March 26, 2025, and on hearing the submissions of counsel for RBC and such other counsel as were present, no one appearing for any other stakeholder although duly served as appears from the affidavits of service, as filed, and on reading the consent of Spergel to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that, RBC shall be authorized to and is directed to immediately cash GIC 00130198779-0003, which it is holding from the Debtor in the amount of \$850,000.00 (“**GIC**”), plus interest, and to apply the proceeds of same to permanently reduce the indebtedness to RBC of the Debtor under the Lease Facility provided to the Debtor under a Lease Agreement between RBC and the Debtor dated July 20, 2018 (the “**Lease Facility**”).

3. **THIS COURT ORDERS** that the Debtor shall pay to RBC \$400,000 forthwith from the cash in the Debtor’s operating account with RBC to permanently reduce the indebtedness of the Debtor to RBC under the Lease Facility.

APPOINTMENTDISCHARGE OF THE MONITOR

4. THIS COURT ORDERS that Spergel is discharged from its appointment as monitor under section 101 of the CJA. Notwithstanding the discharge of the Monitor, the Debtor shall continue to be ordered to maintain a minimum inventory thresholds of \$1,175,000.00, or such lesser amount as determined by the Receiver or set by Order of this Court.

APPOINTMENT OF LIMITED RECEIVER OVER CASH AND INVENTORY

1.5. THIS COURT ORDERS that pursuant to ~~section 243(1) of the BIA and~~ section 101 of the CJA, Spergel is hereby appointed Receiver, without security, of all the cash of the Debtor and assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor and all current and future proceeds thereof of the inventory of the Debtor (collectively, the “**Property**”). This Order and the appointment of the Receiver does not constitute a finding by this Court that the Debtor is insolvent. For greater certainty, the Receiver shall not take possession or control, nor shall it be deemed to have taken possession or control, of the Debtor's business or the assets, property or undertakings of the Debtor, other than the Property, and that the Debtor shall retain all operational control of all assets, business and operations, other than Property. The appointment of the Receiver over the Property shall not be and shall not be deemed to be a change of control of the Debtors.

6. THIS COURT ORDERS that the Receiver will authorize and permit the Debtor to make ordinary course payments and purchases from the Property. Without limitation this will include payment of the employees, payment for the purchase of inventory to maintain current levels, payment of rent pursuant to the terms of any real property lease, and scheduled payments to Royal Bank of Canada in accordance with its security and lending arrangements with the Debtor.

The Debtor shall work with the Receiver to develop a cash flow, satisfactory to the Receiver and RBC, within 5 business days of this order under which the Debtor will project expenses and revenue for a period of 10 weeks. Thereafter, the Debtor will, every two weeks, provide

the Receiver with an updated 10 week cash flow projecting all such intended payments. The Debtor will not engage in any material expense which is not anticipated by the cash flow without the written consent of the Receiver or a further order of this Court.

DISTRIBUTIONS

2.7. THIS COURT ORDERS that the Receiver shall make distributions from the Property from time to time to RBC in such amounts as the Receiver determines appropriate, in its business judgment, mindful of the cash flow requirements of the Debtor, until such time as the RBC has been repaid in full.

RECEIVER'S POWERS

3.8. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following in respect of the Property where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- ~~(c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business or cease to perform any contracts of the Debtor;~~
- ~~(d)~~(c) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever

basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

~~(e)~~(d) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

~~(f)~~(e) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

~~(g)~~(f) to settle, extend or compromise any indebtedness owing to the Debtor;

~~(h)~~(g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

~~(j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;~~

~~(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business;~~

~~without the approval of this Court in respect of any transaction not exceeding \$75,000.00, provided that the aggregate consideration for all such transactions does not exceed \$250,000.00; and~~

~~with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;~~

~~and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required;~~

~~(l) — to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property~~

- (j) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (k) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (l) in consultation with the Debtor, to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (m) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor; and

- (n) ~~to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and~~ to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4.9. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) shall forthwith advise the Receiver of the existence of any Property in such Person’s possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver’s request.

5.10. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person’s possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6.11. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7.12. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8.13. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9.14. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10.15. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver or affecting the Property are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any “eligible financial contract” as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien

NO INTERFERENCE WITH THE RECEIVER

11.16. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12.17. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be

required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13.18. THIS COURT ORDERS that all funds, monies, cheques, instruments and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14.19. THIS COURT ORDERS that all employees of the Debtor, if any, shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA AND ANTI-SPAM LEGISLATION

15.20. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal

information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “**Sale**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

16.21. THIS COURT ORDERS that any and all interested stakeholders in this proceeding and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in this proceeding, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to such other interested stakeholders in this proceeding and their counsel and advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

LIMITATION ON ENVIRONMENTAL LIABILITIES

17.22. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act* or the *Ontario Occupational Health and*

Safety Act and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER’S LIABILITY

18.23. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER’S ACCOUNTS

19.24. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to- the Receiver shall be entitled to and are hereby granted a charge (the “**Receiver’s Charge**”) on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver’s Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

20.25. THIS COURT ORDERS that the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Ontario Superior Court of Justice (Commercial List).

21.26. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22.27. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$200,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver’s Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver’s Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23.28. THIS COURT ORDERS that neither the Receiver’s Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24.29. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule “A” hereto (the “**Receiver’s Certificates**”) for any amount borrowed by it pursuant to this Order.

25.30. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver’s Certificates

evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

26.31. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (the "Rules") this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol and shall be accessible by selecting the Debtor's name from the engagement list at the following URL: <https://www.spergelcorporate.ca/engagements/>.

27.32. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next businessday following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

33. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28.34. THIS COURT ORDERS, without limiting paragraph 33 herein, the Receiver will return to Court on May 14, 2025, to report to the Court on the status of these proceedings and to seek further advice and direction as it requires, if any.

29.35. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

30.36. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31.37. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32.38. THIS COURT ORDERS that RBC shall have its costs of this application against the Debtor, up to and including entry and service of this Order, provided for by the terms of RBC's security or, if not so provided by RBC's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33.39. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order

34.40. THIS COURT ORDERS that this Order and all of its provisions are effective as today's date and is enforceable without the need for entry of filing.

SCHEDULE “A”
RECEIVER CERTIFICATE

CERTIFICATE NO.

AMOUNT \$

1. THIS IS TO CERTIFY that msi Spergel inc., the receiver (the “**Receiver**”), without security, of all the assets, undertakings and properties of Peace Bridge Duty Free Inc. (the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor and all proceeds thereof, appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated the 8th day of April, 2025 (the “**Order**”) made in an application having Court file number CV-21-00673084-00CL, has received as such Receiver from the holder of this certificate (the “**Lender**”) the principal sum of \$ _____, being part of the total principal sum of \$200,000 which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20

msi Spergel inc., solely in its capacity as
Receiver of the Property, and not in its personal
capacity

Per: _____

Name:

Title:

ROYAL BANK OF CANADA

- and -

PEACE BRIDGE DUTY FREE INC.

Applicant

Respondent

Court File No. CV-21-00673084-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**ORDER
(appointing Receiver)**

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Lawyers for Royal Bank of Canada

This is Exhibit “B” referred to in the Affidavit of Ariyana Botejue
affirmed before me in the city of Toronto this 16th day of April
2025.

A handwritten signature in dark ink, appearing to read 'D. Ullmann', written in a cursive style.

Commissioner for Taking Affidavits (or as may be)

David T. Ullmann

From: [Leanne Williams](#)
To: [David T. Ullmann](#); "[smitra@airdberlis.com](#)"
Cc: [Mukul Manchanda](#); [Anisha Samat](#); "[Andrew J. Hatnay](#)"; "[Jim Pearce](#)"; "[Greg O'Hara \(Sympatico\)](#)"
Subject: RE: [EXTERNAL] Peace Bridge [IMAN-CLIENT.FID204985]
Date: Wednesday, April 16, 2025 10:41:49 AM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)
[image008.png](#)



David,

The Court has very clearly made a decision to sign the receivership order as submitted by the Applicant. Her Honour specifically advised the parties that this was one of the options that she was considering and has provided detailed reasons for Her decision. The Court's direction is clear, and Her Honour is not prepared to entertain further submissions in this regard. I have been advised by counsel to the landlord that CBSA has been put on notice after receiving the decision. To our knowledge, CBSA has not terminated the license or closed the store.

As set out in our email on April 14th, the Monitor continues to request a meeting with your clients, with or without counsel, to discuss the next steps in the receivership.

Leanne



Leanne M. Williams | LWilliams@tgf.ca | Direct Line +1 416 304 0060 | | Suite 3200, TD West Tower, 100 Wellington Street West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Ontario M5K 1K7 | 416-304-1616 | Fax: 416-304-1313 | www.tgf.ca

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From: David T. Ullmann <DUllmann@blaney.com>
Sent: April 16, 2025 10:01 AM
To: Leanne Williams <LWilliams@tgf.ca>; 'smitra@airdberlis.com' <smitra@airdberlis.com>
Cc: Mukul Manchanda <mmanchanda@spergel.ca>; Anisha Samat <ASamat@blaney.com>; 'Andrew J. Hatnay' <ahatnay@kmlaw.ca>; 'Jim Pearce' <JimP@dutyfree.ca>; 'Greg O'Hara (Sympatico)'

<gregohara@sympatico.ca>

Subject: [EXTERNAL]RE: Peace Bridge

Good Morning,

Can you please provide your response?

Thank you.

David

David T. Ullmann
Partner

dullmann@blaney.com

☐ 416-596-4289 | ☐ 416-594-2437

From: David T. Ullmann

Sent: Tuesday, April 15, 2025 2:07 PM

To: Leanne Williams (LWilliams@tgf.ca) <LWilliams@tgf.ca>; '(smitra@airdberlis.com)'
<smitra@airdberlis.com>

Cc: Mukul Manchanda <mmanchanda@spergel.ca>; Anisha Samat <ASamat@blaney.com>

Subject: Peace Bridge

Hello Ms. Williams and Mr. Mitra,

Sorry for the delay in writing to you but it was Passover this weekend and Monday and I was only back in the saddle EOD yesterday and had to get instructions.

I attach the cash flow which the company had been working on with Mr. Manchanda before the Endorsement was released, which was made in anticipation of the court following the Monitor's suggestion of how to proceed (i.e. that the court defer its decision until the Monitor had a cash flow to review). As you can see, it is the company's projection that if the business were allowed to operate (in a limited receivership or as it is currently doing), the Bank would be repaid in full by the week of July 1 (and all employment would be preserved). Also, although this cash flow provides for a prudent reduction in sales and a reduction in inventory purchases (while maintaining inventory levels), it does not provide for a reduction in rent. However, as you know our client has activated the process under 18.07 of the lease. As you may recall, although we were unsuccessful in our motion asking for our client's interpretation of the lease that our client was entitled to pay no rent during the pandemic, the court did find that 18.07 did entitle the company to a rent abatement when engaged. Although the landlord is resisting this at the moment, were the limited receivership to have been granted it had been our client's intention to seek an order from the court allowing for reduced rent, relying on 18.07, if the landlord continued to resist meeting with us. Currently the landlord is apparently counting on the receivership to render this issue moot and is therefore not engaging, despite their obligation to do so. We are happy to share our correspondence with them in that regard if you are interested. Any such reduction in rent would of course provide for an

acceleration in the funds payable to the Bank.

Incidentally, we have no issue with this cash flow being shared with the Landlord. We are not sure why that comment attracted so much attention in the Endorsement. No one ever asked us our position on that issue.

In the circumstance, we once again respectfully ask the Bank to withdraw its application and allow for this payout structure to proceed in its stead, or to ask the court to grant the limited receivership in the form the employees proposed. We do believe the court misunderstood the Monitor's note last week to read that a limited receivership would not work. To us it is clear that it would work and it was the Monitor's position, at least in its conversation with us immediately before it sent its note to the court, that it would reserve its judgment until it saw a cash flow and that the court should wait before making a final decision to appoint a receiver. Now that you have this cash flow, we hope you agree with our client. If you do not, we would like to hear why and have a chance to address it.

We are also prepared to have our client reach out to the CBSA to confirm that they would allow the store to remain open under a limited receivership process. Having spoken to my client, I can advised that they strongly believe that the CBSA will immediately close the store if we contact them and advise that a full blown receivership is about to occur and we do not recommend that anyone make contact with the CBSA if that is all there is to tell them. If the CBSA seizes control of the store before the receiver is appointed, we believe it will make it extremely difficult for the receiver to reassert control thereafter as the licence will be terminated and it will result in the staff leaving and a general loss of control.

If the Monitor is prepared to seek the court's direction in this regard we would be obliged if you would include this letter and the cash flow in any correspondence it sends to the court or any supplemental report. We respectfully submit we owe it to the employees to ensure the court has this information in front of it to consider the fairness of what it has signaled it intends to do. The Court is under the misapprehension that there is no workable solution, when clearly there is one.

Finally, in any case I wonder if you Mr. Mitra, would consider asking the court to suspend the order being effective until Tuesday next week, rather than Thursday this week. As you know, there is a profitable long weekend in between those days and given the uncertainty of whether or not the receiver can operate (which we doubt will be resolved to your satisfaction before Thursday) I wonder if you would agree to this extension which may generate material cash? To the extent there is any concern with how the business will run during those days, the Monitor can be in attendance as the receiver would have been. I am not sure, in suggesting the order take effect on April 17, the court considered the impact of deciding to appoint a receiver over this kind of business on the eve of a long weekend as we were not given the opportunity to make submissions on that aspect of the court's potential decision.

Regards,

David Ullmann



David T. Ullmann
Partner

dullmann@blaney.com

☐ 416-596-4289 | ☐ 416-594-2437

☐ Blaney.com



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Peace Bridge Duty Free - Apr11th
Cashflow Report

Sales trend	-40%	-35%	-25%	-25%	-20%	-20%	-15%	-15%	-15%	-15%	-15%	-15%
	Apr14-19	Apr20-30	May1-10	May11-17	May18-24	May25-31	Jun1-7	Jun8-14	Jun15-21	Jun22-30	Jul1-15	Jul16-31
Bank balance-openii	600	235	325	67	131	158	303	79	57	162	272	56
Receipts (Sales)	150	250	275	275	270	325	250	275	325	475	800	750
HST Refund		70	-		70		-		70	-		
Total receipts	150	320	275	275	340	325	250	275	395	475	800	750
Cash requirements												
Trade payables	75	50	75	125	25	25	25	200	150	200	350	300
Rent & CAM	-	-	394	-	-	-	394	-	-	-	394	-
Wages&Benefits	20	60	45	20	20	25	45	20	20	25	60	25
Payroll remittances	-	18	-	18	-	20	-	20	-	20	25	25
RBC Lease payment	-	77	-	-	-	-	-	-	-	-	-	-
RBC Lease payment	400			-	258							
HASCAP payment	-	-	9	-	-	-	-	9	-	-	9	-
HASCAP payment					-	100			100	100	100	310
Professional fees	-	-	-	25	-	-	-	25	-	-	25	25
Insurance	-	-	-	13	-	-	-	13	-	-	13	-
Misc expenses	20	25	10	10	10	10	10	10	20	20	40	40
Total payments	515	230	533	211	313	180	474	297	290	365	1,016	725
Bank balance-ending	235	325	67	131	158	303	79	57	162	272	56	81
Add'l Cash - Floats	115	115	125	125	150	150	125	125	200	200	200	200
RBC Lease balance	1,571	321	258	258	258							
less GIC	(850)											
less payment	(400)	-	-	-	(258)							
Apr29th Payment	-	(63)										
RBC Lease balance	321	258	258	258	0							
HASCAP	731	731	731	724	724	724	624	624	617	517	417	310
less payment	-	-	(7)	-	-	(100)	-	(7)	(100)	(100)	(107)	(310)
	731	731	724	724	724	624	624	617	517	417	310	0
Inventory Report	Apr14-19	Apr20-30	May1-10	May11-17	May18-24	May25-31	Jun1-7	Jun8-14	Jun15-21	Jun22-30	Jul1-15	Jul16-31
Inventory-opening	1,323	1,253	1,243	1,261	1,388	1,303	1,191	1,291	1,238	1,361	1,208	1,218
Cost of Goods Sold	(75)	(125)	(138)	(138)	(135)	(163)	(125)	(138)	(163)	(238)	(400)	(375)
Purchases	5	115	155	265	50	50	225	85	285	85	410	410
Inventory-ending	1,253	1,243	1,261	1,388	1,303	1,191	1,291	1,238	1,361	1,208	1,218	1,253

ROYAL BANK OF CANADA

and

PEACE BRIDGE DUTY FREE INC.

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

AFFIDAVIT OF ARIYANA BOTEJUE

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