

COURT FILE NO.: CV-26-00000686-0000

DATE: 2026-April-17

SUPERIOR COURT OF JUSTICE – ONTARIO

491 Steeles Avenue East, Milton ON L9T 1Y6

RE: ROYAL BANK OF CANADA, Applicant**AND:**

1937752 ONTARIO LIMITED, Respondent

1000060338 ONTARIO INC, Respondent

1000582272 ONTARIO INC., Respondent

BEFORE: Justice Mills**COUNSEL:** HOGAN, Timothy, for the Applicant

GULIA, Yoginder, for the Respondents

HEARD: April 17, 2026, Via Video (ZOOM)**ENDORSEMENT**

- [1] On March 20, 2026, the Applicant, Royal Bank of Canada (“RBC”), brought this application on an urgent basis for the appointment of a receiver pursuant to s. 243 of the *Bankruptcy and Insolvency Act*, and s. 101 of the *Courts of Justice Act*, in respect of the assets, undertakings, properties, and real properties of the Respondent debtors. The application was added to the motions list on March 26, 2026, at which time the Respondents requested an adjournment as they had just retained counsel to act on their behalf. RBC did not oppose the adjournment request, and the matter was made returnable today. Almost a month has passed since the application was first served and filed.

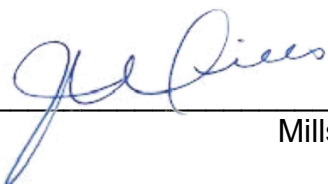
- [2] The Respondents 1937752 Ontario Limited (“752”) and 1000582272 Ontario Inc. (“272”) are or were engaged in the pharmacy business. 1000060338 Ontario Inc. (“Holdco”) is a holding company for real property located in Burlington Ontario, from where 272 operates a pharmacy. Collectively, the defendants have non-revolving term loans, revolving demand loans, and credit card facilities with RBC, all of which are in default.
- [3] The credit facilities are secured and cross-collateralized by general security agreements (“GSA”), guarantees and postponement of claims, a first charge and assignment of rents registered against the real estate, a chattel mortgage against certain equipment, and personal guarantees from the principals of the Respondents.
- [4] The GSAs are properly registered under the *Personal Property Security Act*, and paragraph 13(a) grant RBC the right to appoint a receiver in the event of default. Paragraph 42 of the Standard Charge Terms applicable to the real property charge grants RBC the right to appoint a receiver in the event of default.
- [5] The Respondents admit the credit facilities are in default.
- [6] RBC has issued demands, and the appropriate statutory notices have been delivered. The mandatory notice periods have passed. RBC has met all the legal requirements for the appointment of a receiver.
- [7] The Respondents oppose the application, submitting that RBC is the cause of the default and therefore a receiver should not be appointed. They allege RBC’s conduct was unethical and caused default in the credit facilities. They submit that RBC does not come to court with clean hands and should be denied the equitable remedy of a receiver. They submit it is neither just nor convenient to appoint a receiver at this time. They ask for a two-month adjournment to undertake refinancing efforts.
- [8] The alleged wrongful conduct was that RBC unilaterally moved money on their own whim and directed how funds on deposit were to be paid out. The Respondents further allege RBC insinuated itself into their business operations and behaved as

though it was a “shadow director” by interfering with their landlord and directing that their lease be cancelled.

- [9] None of these allegations are supported by the evidence. RBC did apply deposit funds to discharge a temporary accommodation credit facility that was past its date of maturity. It was well within its contractual rights to do so.
- [10] As part of its due diligence for a 2025 refinancing request by 752 and Holdco to consolidate their credit facilities, RBC did contact the landlord to inquire if 752 had terminated its lease. The landlord responded that 752 was considering continuing its lease and it would advise of its intentions by August 22, 2025. RBC then responded with thanks for the information and advising the landlord that it needed to know by that date if the lease would be continuing. On August 18, 2025, 752 advised the landlord that it had decided to terminate the lease. There is no evidence of any interference by RBC. The decision to terminate the lease was clearly made by 752.
- [11] The allegation RBC was controlling the business operations of the Respondents by unilaterally moving money and directing how it was to be paid out is also without merit. RBC was well within its rights to apply deposit funds to discharge unauthorized overdrafts on the credit facilities. This does not constitute improper or unethical behaviour on the part of RBC.
- [12] RBC has a contractual right to have a receiver appointed on default of the credit facilities. The Respondents submit this remedy should not be authorized as they did not read the security documents and did not understand the implications of a receivership appointment. They simply signed where they were told to sign, and they relied on their own legal counsel to summarize the documents as there were simply too many pages to read them all. This too is not persuasive.
- [13] Finally, the Respondents submit it would not be just or convenient in these challenging economic times to appoint a receiver. They submit RBC has a moral obligation to assist small businesses facing hard economic times as a result of the

current geopolitical concerns. In their view, the appointment of a receiver would simply drive up the costs and both parties would lose in the end.

- [14] The Respondents request a two-month forbearance so they can arrange refinancing. Although it was not filed by way of affidavit, the Respondents provided the Court and counsel for RBC with an email sent last night at 9:20 p.m. by Scotiabank indicating a willingness to consider financing on certain terms. It was not a commitment letter, and the pre-funding conditions are lengthy. At best, one could characterize it as a basis for further discussion. There is no assurance that new funding is on the horizon. There is no assurance that RBC will be paid out in full. In fact, it is acknowledged that any Scotiabank refinancing would result in a shortfall of approximately \$250,000 however, the Respondents submit the shortfall will be paid by their new partner. There is no evidence before me of a new partner or of their willingness to assume liability for a shortfall in funding to discharge the RBC indebtedness.
- [15] I adopt the reasoning of Osborne J. in *Macquarie Equipment Finance Limited v. Validus Power Corp. et al.*, 2023 ONSC 4722. There is simply too much uncertainty respecting the Scotiabank financing to justify denying RBC its contractual right to the appointment of a receiver. As noted by Osborne J., if the refinancing is indeed readily available to the Respondents, the costs associated with the appointment of a receiver will be minimized.
- [16] Order to go as signed appointing msi Spergel inc. as receiver, without security, of all the assets, undertakings, real and personal property of the Respondents.


Mills, J.