



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

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: NO FILE NO.

DATE: SEPTEMBER 19, 2025

NO. ON LIST: 5

TITLE OF PROCEEDING:

ROYAL BANK OF CANADA

v.

8777691 CANADA INC. O/A PANJAAB TRANSPORT / 2747826 ONTARIO INC.

BEFORE: JUSTICE FL MYERS

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Sanjeev Mitra	Royal Bank of Canada	smitra@airdberlis.com
Shaun Parsons, Counsel		sparsons@airdberlis.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Rachel Moses Counsel for The Receiver	msi Spergel inc.	Rachel.moses@gowlingwlg.com

ENDORSEMENT OF JUSTICE FL MYERS:

[1] The bank is a secured creditor of the respondents. The respondents operate a trucking concern. The bank has made demand and sent s. 244 notices under their debt and security facilities. The bank claims more than \$11 million in the aggregate. More than the minimum 10 days has already run. The bank could therefore seek to appoint a receiver and manager were it so inclined.

[2] The bank has recently received a letter from counsel for the respondents. The respondents advise they are seeking to refinance their debt. There is no detail of the proposed refinancing provided. But the letter is also noteworthy in its implicit acceptance of the respondents' indebtedness.

[3] The bank appears today on an urgent basis without notice to the debtors. It has delivered substantial evidence showing that the debtors have not been at all transparent with the bank in their reporting. That is consistent with the general nature of their counsel's reference to a possible refinancing. But none of that creates urgency or a need to move without notice.

[4] The bank has adduced evidence showing that there has been a veery substantial drop in the debtors' outstanding accounts receivable recently. The debtors advise that they have had customers pay their suppliers directly to stay in business rather than paying the bank. There has also been a significant decline in the deposits being made by the debtors. That is consistent with a redirection of receivables but it also suggests a redirection of cash receipts. In the last several days there has been a sudden assertion of liens under the *RSLA* for as much as \$750,000 (approximately). If those claims are real, they would represent a real erosion on the bank's position.

[5] On the whole, the bank needs information. It can no longer accept documents prepared in WORD or Excel rather than access to the debtors' accounting software. The bank is fair in being startled by recent events. They point to a very real risk of dissipation of assets and collateral. Such a risk is itself a reason to proceed to preserve the *status quo* and to try to ensure transparency. *Sibley & Associates LP v. Ross*, 2011 ONSC 2951 (CanLII).

[6] The bank does not want to undermine the debtors' efforts to refinance if they are real. So it proposes to hold off for now seeking a receiver and manager to take over the business. Rather, it asks the court to appoint an Interim Receiver under s. 47 of the *Bankruptcy and Insolvency Act* so that the court and creditors can have access to credible information about the status of the debtors' business, its assets, any dissipation of collateral, and the debtors' efforts to refinance.

[7] I find that the appointment of a licensed insolvency professional to be the eyes and ears of interested creditors and the court is patently in the interests of creditors. There is at least a *prima facie* case of misconduct i deflecting receivables to suppliers and dissipation to support an appointment. Moreover, with the decline in cash and sudden appearance of liens under the *RSLA* I am satisfied that providing notice to the debtors would risk them taking further steps to hinder creditors.

[8] As the relief granted is quite measured and limited for the time being there is no prejudice to the respondents in proceeding this way. Rather, they are being provided with a chance or an opportunity to establish their good faith by cooperating with the Interim Receiver to provide transparency to creditors and all interested parties.

[9] Order signed appointing msi Spergel Inc. as Interim Receiver over the assets, property and undertakings of the respondent debtors.


Justice FL Myers