



ONTARIO SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

**COUNSEL/ENDORSEMENT SLIP**

**COURT FILE NO.:** CV-25- 00752231-00CL      **DATE:** October 9, 2025

**NO. ON LIST:** 4

**TITLE OF PROCEEDING:**      **ROYAL BANK OF CANADA v.**

**8777691 CANADA INC. and 2747826 ONTARIO  
INC.**

**Before:**    **Justice Myers**

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**PARTICIPANT INFORMATION**

**For Plaintiff, Applicant, Moving Party:**

<b>Name of Person Appearing</b>	<b>Name of Party</b>	<b>Contact Info</b>
Shaun Parsons	Lawyer for Royal Bank of Canada	sparsons@airdberlis.com

**For Defendant, Respondent, Responding Party:**

<b>Name of Person Appearing</b>	<b>Name of Party</b>	<b>Contact Info</b>
Amandeep S. Dhillon	Lawyer for the Respondents 8777691 Canada Inc. and 2747826 Ontario Inc.	adhillon@kramersimaan.com

**For Other, Self-Represented:**

<b>Name of Person Appearing</b>	<b>Name of Party</b>	<b>Contact Info</b>
Rachel Moses	Lawyer for the Interim Receiver	Rachel.moses@gowlingwlg.com
Tom Masterson	Lawyer for Stride Capital	tmasterson@harrisonpensa.com

**Endorsement of Justice Myers :**

- [1] Mr. Dhillon was recently retained. He seeks a week or two adjournment to allow the debtors to respond to the recent report of the IR.
- [2] It is not in the interest of justice to adjourn this proceeding. I say this without the need to consider the IR's report. The debtors have been represented by counsel throughout. They have had a few weeks after the appointment of the IR and have delivered responding material.
- [3] In appointing the IR to try to obtain transparency into the affairs of the debtors, I noted issues concerning their reduced deposits, greatly reduced receivables, and the sudden appearance of nearly \$700,000 in *RSLA* priority lien claims.
- [4] In the debtors' evidence they give almost no evidence to assuage concerns about the substantial erosion of their borrowing base and the bank's collateral. First, they report that they cannot obtain access to their financial reporting software due to a dispute with a former employee. Without assigning any blame for the dispute, the lack of available financial software and reporting increases the degree of risk to creditors. The debtors report that they have opened new bank accounts at a different bank. That may explain where some of the cash receipts may have gone. But a debtor who moves cash in breach of its credit facility obligations is another red flag for increased risk of collateral erosion.
- [5] As I said during the hearing, I completely understand a small business owner doing what he can to try to save his business. But using secured collateral to pay people who do not have first priority and failing to provide transparent accounting to secured creditors are breaches of the borrowing terms that carry consequences.
- [6] The debtors also disclose that they are involved in an HST audit in which CRA has alleged numerous dishonest practices by the debtors. They are trying to respond to obtain significant refunds. Currently however, CRA is levying a \$600,000 penalty against the debtors for negligent reporting.

- [7] Among the allegations made by CRA is that the creditor who imposed the RSLA claims on the debtors' trucks is not an operating entity. It seems apparent that the debtors are trying to show the existence of priority claims to forestall its ranking creditors.
- [8] The debtors do not deny their monetary defaults as alleged by the bank. Rather, they say that they are profitable, with some 80 employees, and 60 contractors. They say that they are deeply engaged in efforts to refinance. They are willing to sell properties owned by affiliates as well. They have given evidence of conditional term sheets and several applications for credit that they have underway.
- [9] The debtors ask for 120 days to allow a refinancing transaction to come to fruition. They agree to maintain the IR in the interim.
- [10] The bank and Stride Capital oppose any delay in the appointment of a receiver and manager. The bank points to the lack of transparency of the debtors with its financial advisor last summer, the unexplained decline in receipts and receivables, and the suspicious RSLA claims, among other things, as reasonable bases to be very concerned about the erosion of its position. Both creditors have lost faith in management to deal with them openly and honestly. Stride Capital is already in litigation with the debtors as a result of defaults under leases. Its counsel makes a very good point that a receiver and manager will be able to deal with the RSLA claims on behalf of the debtors and all creditors rather than leaving each creditor to fend for itself.
- [11] The debtors have been in default of their payment obligations for many months. They have had time to refinance. They have coals in the fire. But they have nothing on offer that can be said to have any degree of likelihood of coming to fruition soon. Meanwhile, absent cogent and transparent explanations, it is more than reasonable for the creditors to be concerned that their positions are being actively prejudiced by the debtors. Without transparent reporting, the creditors have reasonable concerns about how they will find and realize on rolling stock for example. They cannot reasonably be asked to accept and trust hand-written aged receivables reports without actual invoice back-up too.
- [12] The debtors gave no evidence and they presented no plan to protect the creditors and other interested parties from erosion of asset value in the 120 days that they seek. Having regard to all the circumstances but, in particular, the nature of the property and the rights and interests of all parties in relation thereto, in my view, it is important to impose neutral, transparent, and independent stewardship over the business, assets and undertaking of the defendants.
- [13] With no clear refinancing agreement in place and despite Mr. Dhillon's exhortations to his client, no clear plan to assure delivery of credible, verifiable, transparent

financial disclosure, it is just and convenient to appoint a receiver and manager to act in the best interests of all interested parties.

[14] I note that this does not mean that the debtors' efforts to refinance to pay out its creditors need to cease. In fact, management will soon likely be freed up of most tasks to let them concentrate more on redoubling efforts to stabilize the financial affairs of the business.

[15] More than ample time has elapse from the making of demand and giving of s. 244 notices for the debtors to refinance if they could. Appointing a receiver and manager (as authorized by the borrowing facilities) does not require proof of irreparable harm. Rather it must be just and convenient in all the circumstances and I find that it is so.

[16] Order signed as asked.

A handwritten signature in blue ink, reading "F.L. Myers J.", is positioned in the lower right area of the page. The signature is written in a cursive, flowing style.