

SUPERIOR COURT OF JUSTICE – ONTARIO

7755 Hurontario Street, Brampton ON L6W 4T6

RE: ROYAL BANK OF CANADA, Applicant

AND:

1512632 ONTARIO INC.
2856586 ONTARIO INC, Respondent

BEFORE: Justice Dennison

COUNSEL: VINE, MELINDA for the Applicant
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HEARD: March 20, 2026, by video conference

ENDORSEMENT

OVERVIEW

- [1] The respondents (debtors) own a trucking company located at 8412 and 8424 Goreway Drive, Brampton.
- [2] The debtors defaulted on their debt to the Royal Bank (RBC). The RBC brought a motion to have a receiver appointed which the court granted on June 12, 2025.

- [3] The debtors now wish to refinance the properties and make payouts to certain creditors including the RBC who holds the first mortgage on the properties and to Satish Chopra who holds the second mortgage on the properties. The debtors also seek to discharge the receiver. The debtors submit that this is the best way to avoid the debtors going bankrupt.
- [4] The RBC takes no position on the motion.
- [5] The receiver does not support the refinancing arrangement the debtors propose.

BACKGROUND FACTS

- [6] The RBC motion material to have a receiver appointed stated that as of April 25, 2025, 2856586 Ontario was indebted to the RBC in the amount of \$1,565,728.41, plus accruing interest and RBC's continuing costs of enforcement. 1512632 Ontario was indebted to the RBC in the amount of \$1,058,144.72, plus accruing interest and the RBC continuing costs of enforcement pursuant to the credit agreements.
- [7] On June 12, 2025 pursuant to s. 243(1) of the *Business Insolvency Act* R.S.C., 1985, c. B-3 and s. 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C. 43, the court appointed Grant Thornton Limited as receiver without security over all the assets, undertakings and property of the debtors related to their businesses. The order took effect as of July 2, 2025 if the indebtedness was not paid in full to RBC and all information from the CRA with respect to remittances was not provided.

- [8] The debtors did not repay the debt, and the receiver took possession of the properties located at 8412 and 8424 Goreway Drive and the machinery owned and leased by the corporations.
- [9] The receiver took possession of twenty-four vehicles and equipment located at the properties. They also located sixteen pieces of the debtor's equipment at third party premises which were retrieved pursuant to a court order. The receiver also learned that two of the missing trucks were used after the receiver's appointment, which the receiver took possession of. The receiver auctioned the equipment including vehicles and obtained proceeds of \$421,297.88. There is no other equipment in possession of the receiver.
- [10] The receiver also reviewed the debtors' *Personal Property Security Act* search results and notified all potential financing companies that the receiver may be in possession of their equipment. The receiver released some of the equipment to the financing companies. Several companies have not yet sold the equipment subject to their security and therefore are not yet able to quantify their loss.
- [11] The receiver also took possession of the real properties on Goreway Drive. The appraisal value of the properties on July 11, 2025 was \$6,020,000. The receiver entered into a listing agreement to sell the properties on October 24, 2025 at a listing price of \$6,250,000. There was little interest in the properties. The receiver, in consultation with RBC and the listing agent, reduced the price to \$5,175,000 on January 23, 2026. Several offers were made on the properties, but they were well below the listing price, and the receiver rejected them. In late February 2026, the receiver received three

additional offers. The receiver held off continuing to negotiate the sale of the properties pending the return of this motion.

DEBTOR'S POSITION

- [12] In December 2025, the debtors wrote to the receiver advising that they had arranged for financing to discharge the mortgage owed to the RBC and to Mr. Chopra. The lenders provided a financing commitment of approximately 4.1 million dollars. The lenders deposited two million dollars into the lender's solicitor's trust account but later that was taken away.
- [13] In response to the debtor's request, the receiver provided a payout statement dated November 29, 2025.
- [14] In February 2026, the debtors requested that the receiver provide details about the trucks and machinery that the receiver seized. The debtors required that information to determine a payment plan.
- [15] On February 11, 2026, the debtors requested that the receiver hold in abeyance any offers for the sale of the properties pending resolution of the financing issues.
- [16] The debtors submit that the court should permit the refinancing and discharge the receiver. The receiver listed the properties for sale at \$5,175,000 which the debtors submit is far below market value. The debtors submit that the sale of the properties would cause irreparable harm and heavy economic loss that would result in the debtors declaring bankruptcy. The debtors submit that allowing the refinancing allows the debtors to discharge the major creditor's debts including RBC which is why the receiver

was appointed in the first place and allows the debtors the opportunity to revive the business and payout the other creditors while preserving and maximizing the value of the real properties. It would also avoid the incurrence of further receivership and legal fees.

[17] In support of the debtors' proposal, they filed a report from an accountant. It shows that with the 4.1-million-dollar loan the debtors would have a \$7,000 surplus after paying their creditors.

RECEIVER'S POSITION

[18] The receiver submits that it is not an adversary to the debtors and that the receiver has acted within the terms of the order. The receiver has an obligation to the debtors to consider the viability of any refinancing proposal. The receiver also has an obligation to all creditors and is not an agent for the RBC.

[19] After reviewing the proposal, the receiver submits that they cannot support the debtors' refinancing proposal. The receiver has concerns that the debtors have not determined all their financial obligations to ensure that the funding they expect to secure will be sufficient to discharge all the obligations. The debtors' accountant's report is based on estimates. The receiver raises the following concerns:

- a. The debtors do not have payout statements from the RBC or Mr. Chopra.
- b. There is no evidence from the CRA with respect to the exact amounts owing.

- c. The debts do not include the fees to the real estate lawyers if the listing is terminated.
 - d. The debts do not include the repayment of the receiver's Borrowing Certificates pursuant to the court order.
 - e. The debtors estimated that the receiver and counsel's fees up to the point of discharge is \$20,000 without input from either of those parties.
 - f. There is an estimate with respect to the property taxes and no tax certificate has been filed.
 - g. The debtors did not identify their unsecured creditors and the amounts owing to them.
 - h. There is no evidence that the debtors have entered into agreements with any leasing companies to continue business operations following the discharge.
- [20] The receiver filed a first supplemental to the second report that considered the debtors' refinancing proposal. Based on the receiver's review of the information it has with respect to the amounts owing after the refinancing the debtors would still be short \$77,003.93 that is owed to their secured creditors and \$1,110,112.43 that is owed to the unsecured creditors.
- [21] The receiver takes the position that the proposed financing is insufficient to satisfy the debts owing and that discharging the receiver based on the incomplete or underfunded refinancing proposal would shift the risk onto the creditors to their prejudice.

[22] The receiver requests that they be authorized to negotiate and complete the sale of the real properties.

RBC'S POSITION

[23] Counsel for RBC takes no position on the motion but notes that the debtor did not serve all the other creditors with the motion material and they may be prejudiced depending on the outcome of the motion.

[24] Counsel also submits that the amounts owing to the RBC do not include counsel costs which increases the debt owing.

ANALYSIS

[25] All parties agree that I have jurisdiction to grant the order sought by the debtors: See s. 248 of the *Bankruptcy and Insolvency Act*; s. 101 of the *Courts of Justice Act* and Rule 41.06 of the *Rules of Civil Procedure R.R.O. 1990, Reg. 194*.

[26] I am prepared to accept for the sake of argument that the debtors have in fact secured the financing as they have submitted despite the concerns raised by counsel for the receiver.

[27] While I am sympathetic to the situation the debtors find themselves in, I am not satisfied that it is in the interests of justice to grant the order sought. I agree with the submission of the receiver that to allow the refinancing would unfairly shift the risk back to the creditors to the debtors' benefit.

[28] The receiver is an officer of the court and is "said to be a "fiduciary" for all creditors of the debtors. The receiver does not have a financial stake in the

outcome and is not an advocate for any affected party. “The receiver has a duty of even handedness that mirrors the courts own duty of fairness in the administration of justice”: *Bank of Nova Scotia v. Diemer*, 2014 ONCA 851 at para. 31.

[29] I do not find that the refinancing plan will sufficiently address the interests of the other creditors and therefore it is not in the interests of justice to grant the motion for the following reasons.

[30] First, I agree with the receiver’s submission that the debtors’ calculation is based on estimates of the amounts owed as opposed to the actual money owed. For example, there were no payout statements filed. There is a risk that the estimates relied on by the debtors undervalues the debt that is owed.

[31] Second, the debtors’ report did not include certain debts such as the fee for breaking the realtor listing, which is over \$146,000, the repayment of Borrowing Certificates which is \$150,000, or RBC’s counsel fees. It also does not appear to give any consideration to what is owed to the unsecured creditors.

[32] Third, while most financial companies have realized on their security and provided their accounts to the receiver, several financing companies have not yet sold the equipment and therefore cannot quantify the loss they may realize. I also note that there are no other vehicles left to be auctioned to reduce the amount owing.

[33] Fourth, there is no indication as to how the business would continue to operate given that the equipment has been sold or returned to creditors.

- [34] Fifth, I prefer the receiver's review of the proposed refinancing and outstanding debts. It is more complete and includes money owed to the unsecured creditors. That statement shows that with the refinancing, based on the estimates provided by the debtors and the information the receiver has, there would be a \$77,003.93 shortfall for the secured creditors and \$1,033,108.50 for the unsecured creditors.
- [35] I also note that the debtors did not serve all the creditors with the motion material, and they all have an interest in the proposed order. I am not however dismissing the motion on that basis. Rather, I am dismissing this motion on its substance.
- [36] It is not in the interests of justice to grant the debtors' request to pay back some of the creditors, but not all the creditors based solely on the hope that the debtors can get the business back to being a viable business so the remaining creditors can be paid. While the main two creditors would benefit from the refinancing, the remaining creditors which involves over \$1,000,000 in debt, would be significantly prejudiced and that is not in the interests of justice. I am therefore not prepared to grant approval of the debtors' refinancing plan.
- [37] I am also not prepared to discharge the receiver. Some receiverships are terminated upon presentation of an acceptable plan of refinancing. See Endorsement of Justice Derstine dated June 6, 2025 in re *Royal Bank of Canada v. Falcon Xpress Transportation Group Inc. et al.*, Court File No. CV-25-00001464-0000 at para. 2. As I have explained, I do not find the refinancing plan to be fair and equitable to all the creditors in this case. The reason for appointing the receiver remains.

- [38] The debtors may continue to seek out lenders or identify potential purchasers, but they cannot usurp the role of the receiver. The receiver may continue to pursue selling the properties. The sale of the properties requires court approval. The receiver has an obligation to justify the sale of the properties to the court. There is nothing that would preclude the debtors from arguing the proposed sale price is below market value. That argument is currently premature. See for example *Rose-Isli Corp. v. Smith*, 2023 ONCA 548 (CanLII).
- [39] The receiver requests that the court make an order sealing Appendix “A” that contained a summary of the appraisals listing proposals and offers. The debtors take no issue with sealing Appendix “A” but submit that the court cannot rely on it because the debtors have not seen it. I do not need to rely on any information contained in Appendix “A” that was not adduced on the record to decide this motion. The debtors are aware that there have been four offers to purchase the properties. The contents of Appendix “A” would appear to be relevant to the approval of the receiver’s fees and any sale of the properties.
- [40] Subsection 137(2) of the *Courts of Justice Act*, provides this Court with the statutory jurisdiction to order that any document filed in a civil proceeding be treated as confidential, sealed, and not form part of the public record. The test for a sealing order requires the court to consider whether:
- (a) court openness poses a serious risk to an important public interest;
 - (b) the order sought is necessary to prevent this serious risk to the identified interest because reasonably alternative measures will not prevent this risk; and
 - (c) as a matter of proportionality, the benefits of the order outweigh its negative effects.

See: *Sierra Club of Canada v. Canada (Minister of Finance)*, 2002 SCC 41 and *Sherman Estate v. Donovan*, 2021 SCC 25.

[41] I find that the three elements have been satisfied. Disclosure of the information contained in Appendix “A” would adversely impact the sale process which could result in financial harm to the debtors and the creditors. The benefits of granting the sealing order outweigh the interests in making Appendix “A” public.

[42] The receiver also filed a motion to approve its second report and interim statements of disbursements and fees if the court was prepared to discharge the receivership on this motion. Given the time constraints for this motion, the parties agreed that the approval of fees could be dealt with on a subsequent motion date. That date is to be scheduled through Calendly.

[43] The debtors’ motion is dismissed.



Dennison J.

Released: March 24, 2026

COURT FILE NO.: CV-25-00002373-0000

Date: 2026 03 24

Royal Bank of Canada

Applicant

- and -

1512632 ONTARIO INC.
2856586 ONTARIO INC,

Respondent

ENDORSEMENT

Dennison J.

Released: March 24, 2026