



**ESTATE FILE NOS.: 31-3014694**

**31-3014698**

**31-3014700**

**31-3014702**

**IN THE MATTER OF THE BANKRUPTCY OF  
PROEX LOGISTICS INC., GURU LOGISTICS INC.,  
1542300 ONTARIO INC. AND 2221589 ONTARIO INC.**

**TRUSTEE'S REPORT TO CREDITORS ON  
PRELIMINARY ADMINISTRATION**

## **1.0 Introduction**

1. This report ("Report") is filed by KSV Restructuring Inc. ("KSV") in its capacity as Licensed Insolvency Trustee (the "Trustee") of Proex Logistics Inc. ("ProEx"), Guru Logistics Inc. ("Guru"), 1542300 Ontario Inc. (operated as ASR Transportation) ("ASR") and 2221589 Ontario Inc. ("222") (collectively, the "Assigned Entities").
2. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on May 26, 2021 (the "Receivership Order"), KSV was appointed as the receiver and manager (the "Receiver") of all the assets, undertakings and property (collectively, the "Property") of the Assigned Entities and certain other entities<sup>1</sup> (collectively, "RGC") which were acquired for, or used in relation to a business carried on by RGC.
3. As of the date of this Report, there is approximately \$3.9 million available for distribution to the Company's creditors less any costs to be incurred in the receivership or bankruptcy. The Receiver had received multiple requests from creditors urgently seeking distributions in the receivership proceedings. The Receiver was unable to make a distribution to creditors and/or shareholders in the receivership proceedings because it is unable to obtain a comfort letter or clearance certificate from Canada Revenue Agency ("CRA"). Accordingly, the Receiver determined that the final matters in the receivership, including distribution to unsecured creditors, are most efficiently completed in a bankruptcy.
4. Pursuant to a Court order made on October 23, 2023, among other things, the Receiver was authorized to cause the Assigned Entities to be assigned into bankruptcy and appoint KSV as Trustee of each of the Assigned Entities. On November 27, 2023, the Receiver on behalf of each of the Assigned Entities made assignments into bankruptcy and KSV was appointed as Trustee of the respective estates, subject to affirmation at the first meeting of creditors on December 18, 2023.

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<sup>1</sup> Includes 2435963 Ontario Inc., Noor Randhawa Corp., Superstar Transport Ltd., R.S. International Carriers Inc., Subeet Carriers Inc., Superstar Logistics Inc., Continental Truck Services Inc., and ASR Transportation Inc.

## **1.1 Currency**

1. All currency references in this Report are to Canadian dollars unless otherwise noted.

## **1.2 Restrictions**

1. The Trustee has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied upon in this Report in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information presented in this Report should perform its own diligence.
2. The Trustee accepts no responsibility for any reliance placed by any third party on the Company’s financial information presented herein, nor for any information concerning potential recoveries.

## **2.0 Background and Receivership Proceedings**

1. RGC operated a trucking business consisting of a fleet of certain vehicles (the “Trucking Business”). RGC provided international truckload services between the US and Canada. RGC’s largest customer was Ford Motor Company. Swinderpal Singh Randhawa (“Paul”) and Rana Partap Singh Randhawa (“Rana”) are the ultimate shareholders of the RGC entities.
2. At the commencement of its mandate, the Receiver determined that it needed to immediately discontinue RGC’s business and operations because they were not viable.

## **2.1 Investigation Mandate**

1. Since 2018, Paul and Rana have been involved in a dispute concerning, among other things, the ownership, operation and sale of RGC.
2. On October 1, 2018, Rana and Paul entered into Minutes of Settlement (the “October Minutes”), which provided, among other things, a) that Rana and Paul each own 50% of the Trucking Business; and b) a process to sell the Trucking Business and splitting the proceeds equally.
3. In the context of the dispute between Paul and Rana, on May 19, 2021, the Honourable Justice Koehnen released a decision which, among other things, contemplated the issuance of the Receivership Order for the purposes of KSV, as Receiver, to carry out a sale mandate and an investigation (the “Investigation Mandate”).

4. The Receiver concluded its Investigation Mandate and identified conclusive evidence that Rana was working with another trucking company, Motion Transport Ltd. (“Motion”) and transferring RGC’s assets, resources, personnel, and revenues to Motion in contravention of the settlement agreements between Rana and Paul and with the aim of eroding the value of RGC. The Receiver’s findings were summarized in its Fifth Report to Court dated September 24, 2021 (the “Fifth Report”).
5. Having reviewed the potential claims identified in the Fifth Report and the costs associated with pursuing the claims, the Receiver filed a Notice of Action and Statement of Claim against Rana in respect of certain of the findings in the Fifth Report.

## 2.2 Assets

1. As at the date of this Report, the most material asset is the cash available for distributions which mainly represents the proceeds from the sale of vehicles and refunds received from Canada Revenue Agency. These funds have not yet been paid to the Trustee but will be paid to the Trustee pursuant to the order of Justice Penny dated October 23, 2023. Subject to inspector approval, KSV has allocated this cash amongst the Assigned Entities as follows.<sup>2</sup>

(\$000s)	Refunds from CRA	Proceeds from sale of vehicles and/or Other	Total Assets
ASR	1,001	1,876	2,877
Proex	-	514	514
Guru	-	43	43
222	505	-	505
<b>Total</b>	<b>1,506</b>	<b>2,433</b>	<b>3,939</b>

2. The Trustee based on the allocation of the proceeds from the sale of vehicles based on the total selling prices of the vehicles by entity less the costs associated with these proceedings.
3. As noted above, the Assigned Entities have potential litigation claims which may also return additional value to the estates.
4. Paul has advised the Receiver of potential additional assets of RGC, including older vehicles. The Receiver is of the view that the professional fees and other expenses required to realize on these potential assets may be more than the value of the vehicles.

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<sup>2</sup> Subject to inspector approval, KSV expects to amend the statement of affairs for each entity to conform to this allocation.

### 3.0 Creditors

1. The Receiver sought and on September 16, 2021, this Court granted, a Claims Procedure Order, which established procedures for the filing and reconciliation of claims against RGC. The Claims Procedure Order established October 31, 2021 as the Bar Date (as defined therein) in the receivership proceedings.
2. The Receiver carried out the claims process in accordance with the Claims Procedure Order and issued several Notices of Revision or Disallowances (“NORD”), agreeing to resolutions with each claimant that received a NORD.
3. The Trustee expects to seek an order deeming the claims filed pursuant to the Claims Procedure Order to be properly filed in these bankruptcy proceedings. The Trustee believes that this process will be the most efficient means for administering claims in the bankruptcy proceedings.
4. As of the date of this Report and pursuant to the claims process in the receivership proceedings, the Assigned Entities have the following claims against them:

(\$000s)	Unsecured Claims	Contingent Claims <sup>3</sup>	Total Claims
ASR	537	2,500	3,037
Proex	259	2,500	2,759
Guru	277	2,500	2,777
222	-	2,500	2,500
Total	1,073	10,000	11,073

5. The Trustee is not aware of any secured claims against the estates.

### 3.1 Property of the Bankrupt Not Divisible Amongst Creditors

1. At this time, the Trustee is not aware of any Property that would not be divisible among the Assigned Entities’ creditors by virtue of Section 67(1) of the BIA or otherwise.

### 4.0 Books and Records

1. By virtue of its prior role as Receiver, the Trustee has access to substantially all the books and records necessary to complete its administration of these bankruptcy proceedings. The Receiver had been unable to obtain certain prior accounting records related to the Assigned Entities and their affiliates due to a lack of cooperation with the prior accountants. As such, the Trustee will rely on the records available and the information provided by CRA to finalize any tax returns.

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<sup>3</sup> Represents as estimate for Paul's claim in respect of ownership claims and wrongful conduct claims against each of the RGC entities. These amounts exclude an additional claim filed by Paul against Proex in the amount of \$116,405.25. The calculation of this claim and the appropriate treatment of such claim, including whether such claim will be subordinated to other claims, will be determined in this proceeding.

## 5.0 Preferences and Transfers at Undervalue

1. As KSV acted as Receiver, it has been reviewing the Company's disbursements/transactions since May 26, 2021 (the "Filing Date"). Based on the foregoing, the Trustee is not aware of any preferences or transfers at undervalue between the Filing Date and the date of this Report. Any disbursements made after the Filing Date were necessary to carry out the Receiver's mandate and have been approved in connection with approval of the Receiver's activities in the Receivership.
2. The Trustee will advise the Inspectors should it become aware of any transaction(s) requiring further investigation.

## 6.0 Anticipated Realization and Projected Distribution

1. The Trustee anticipates making distributions to creditors in the near term. Subject to resolving Paul's contingent claim, the Trustee anticipates making substantial distributions (potentially in full) to third party unsecured creditors.

## 7.0 Other Matters

1. There are no other matters to discuss at this time.

\* \* \*

DATED at Toronto, Ontario, this 18<sup>th</sup> day of December, 2023.

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE OF  
PROEX LOGISTICS INC., GURU LOGISTICS INC.,  
1542300 ONTARIO INC. AND 2221589 ONTARIO INC.  
AND NOT IN ITS PERSONAL CAPACITY**