



**First Report of
KSV Restructuring Inc.
as Receiver and Manager of Proex Logistics
Inc., Guru Logistics Inc., 1542300 Ontario Inc.
(operated as ASR Transportation), 2221589
Ontario Inc., 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.**

May 27, 2021

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COURT FILE NO. CV-18-593636-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

SWINDERPAL SINGH RANDHAWA

APPLICANT

- AND -

RANA PARTAP SINGH RANDHAWA, PROEX LOGISTICS INC.,
GURU LOGISTICS INC., 1542300 ONTARIO INC. (OPERATED AS ASR
TRANSPORTATION), 2221589 ONTARIO INC., 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.

RESPONDENTS

FIRST REPORT OF
KSV RESTRUCTURING INC.
AS RECEIVER

MAY 27, 2021

1.0 Introduction

1. This report ("Report") is filed by KSV Restructuring Inc. ("KSV") in its capacity as receiver and manager (the "Receiver") of all the assets, undertakings and property (collectively, the "Property") of Proex Logistics Inc., Guru Logistics Inc., 1542300 Ontario Inc. (operated as ASR Transportation), 2221589 Ontario Inc., 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. (collectively, "RGC") acquired for, or used in relation to a business carried on by RGC.
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 Receiver of RGC. A copy of the Receivership Order is attached as Appendix "A".

3. Since 2018, Swinderpal Singh Randhawa (“Paul”) and Rana Partap Singh Randhawa (“Rana”) have been involved in a dispute concerning, *inter alia*, the ownership, operation and sale of RGC.
4. In the context of the dispute between Paul and Rana, on May 19, 2021, the Honourable Justice Koehnen released a decision (the “Decision”) which, *inter alia*, contemplates the issuance of the Receivership Order for the purposes of KSV, as Receiver, to carry out a sale mandate and an investigation. A copy of the Decision is attached as Appendix “B”.
5. Paragraph three of the Receivership Order authorizes the Receiver to:
 - a) operate and manage RGC and sell the trucking, warehousing and logistics business (the “Sale Mandate”); and
 - b) conduct an investigation of issues identified by the parties, including those identified by the arbitrator and by the Receiver, to ensure that the trucking business is being sold in a manner that maximizes value (the “Investigation Mandate”).
6. The Receivership Order provides for three charges against the Property (jointly, the “Charges”), namely:
 - a) a charge (the “Receiver’s Charge”) in favour of the Receiver and its legal counsel as security for the Receiver’s fees and disbursements, including those of its legal counsel; and
 - b) a charge (the “Funding Charge”) in favour Paul or Rana as security for any advances made by or on behalf of Paul and/or Rana to fund the Receiver’s fees in connection with the Sale Mandate;
 - c) a charge (the “Operations Charge”) in favour of any lender who advances money to the Receiver to fund the operation of the business up to \$50,000.
7. The Receivership Order was issued without notice to any of RGC’s secured creditors and does not grant priority over any secured creditor without notice of the motion.
8. The Receiver has scheduled a comeback motion on June 4, 2021 (the “Comeback Motion”). The purpose of the Comeback Motion is to elevate the priority of the Charges so they rank in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the *Bankruptcy and Insolvency Act*. It is contemplated that the charges will rank as follows:
 - a) First: Receiver’s Charge;
 - b) Second: Funding Charge; and
 - c) Third: Operations Charge.

2.0 Charges

1. Pursuant to the terms of the Receivership Order:
 - a) the Sale Mandate will be funded by RGC, or if RGC does not have sufficient funds, by or on behalf of Paul or Rana equally; and
 - b) the Investigation Mandate will initially be funded by Paul. In that respect, Paul has agreed to advance \$100,000 to the Receiver to fund the initial fees and expenses of the Receiver and its counsel in respect of the Investigation Mandate. To the extent the initial amount (\$100,000) is exhausted by the Receiver and its counsel, Paul will continue to advance additional funds, in increments of \$25,000, to fund the fees and expenses of the Receiver and its counsel in respect of the Investigation Mandate until such time as the Investigation Mandate is completed or the Court orders otherwise.
 - c) No party is obligated to advance funds to operate the trucking business, but the Receiver is authorized to borrow from Rana, Paul or Rana and Paul (or a third party if none of them agree) up to the amount of \$50,000 at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange. The Receiver may also seek court approval for additional funding.
2. Based on searches conducted under the *Personal Property Security Act (Ontario)* (“PPSA”) current to May 20, 2021, the Receiver understands that RGC’s secured creditors include the Bank of Nova Scotia, parties with an interest in certain equipment, and secured creditors under the *Repair and Storage Liens Act (Ontario)* (“RSLA”). A chart showing the registrations under the PPSA and the RSLA is attached hereto as Appendix “C”. The Receiver is working to determine the estimated amount owed to the secured creditors.
3. The Receiver’s legal counsel will serve all parties who have a registered security interest under the PPSA or RSLA and any other creditors identified by the parties with a copy of this Report so they have an opportunity to respond at the Comeback Motion.
4. The Receiver recommends that the priority of the Charges be elevated to rank in priority to all security interests, trusts, liens, charges and encumbrances for the following reasons:
 - a) the Receiver’s Charge is based on the standard terms of a Receivership Order which is required in these circumstances for the Receiver to carry out its mandate in accordance with the Decision;
 - b) the Funding Charge and the Operations Charge will provide the Receiver with liquidity to fund these proceedings and are modeled on the “Borrowing Charge” in the model receivership order. The Receiver will only borrow funds under either charge if it determines that it needs to do so to sell the business as a going concern and maximize recoveries for all stakeholders; and
 - c) the proceeds from the Property will not be used to fund the Investigation Mandate. The Investigation Mandate will initially be funded by Paul and not from the proceeds of the Property and, accordingly, will not affect RGC’s stakeholders, including its secured creditors, absent further order of the Court.

3.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an order in the form sought by the Receiver at the Comeback Motion.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
SOLELY IN ITS CAPACITY AS RECEIVER AND MANAGER OF
RGC
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**

Appendix “A”

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

THE HONOURABLE MISTER) WEDNESDAY, THE 26th
)
JUSTICE KOEHNEN) DAY OF MAY, 2021
)

SWINDERPAL SINGH RANDHAWA

Applicant

- and -

**RANA PARTAP SINGH RANDHAWA, PROEX LOGISTICS INC.,
GURU LOGISTICS INC., 1542300 ONTARIO INC. (OPERATED AS
ASR TRANSPORTATION), 2221589 ONTARIO INC., 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.**

Respondents

**ORDER
(appointing Receiver)**

THIS MOTION made by the Applicant for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing KSV Restructuring Inc. ("**KSV**") as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Respondent corporate entities (collectively, "**RGC**") acquired for, or used in relation to a business carried on by RGC, was heard by judicial videoconference via Zoom at Toronto, Ontario due to the COVID-19 crisis;

ON READING the Amended Notice of Motion, the Amended Motion Record containing the affidavit of Swinderpal Singh Randhawa ("**Paul**"), sworn June 26, 2020,

the affidavit of Don Colbourn, sworn June 26, 2020, the affidavit of Shimshon Dukesz, sworn July 5, 2020, the affidavit of Monica Palko sworn November 11, 2020 and the affidavit of Paul sworn January 28, 2021 (the "**Motion Record**"), the affidavits of Rana Partap Singh Randhawa ("**Rana**"), sworn January 18, 2021, and February 22, 2021, the affidavit of Allan Nackan sworn February 22, 2021, the affidavit of Baldev Dindhsa, sworn January 18, 2021, the Awards and Arbitral Order of the Arbitrator dated July 3, 2020 and October 26, 2020 granted pursuant to the arbitration clause set out in the Minutes of Settlement dated October 1, 2018 (the "**Minutes**") between Paul and Rana, and on hearing the submissions of counsel for Paul, KSV, counsel for Rana and counsel for Motion Transport Ltd. ("**Motion**):

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Amended Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 101 of the CJA, KSV is hereby appointed as Receiver, without security, over all of the assets, undertakings and properties of RGC acquired for, or used in relation to a business carried on by RGC, including all proceeds thereof (the "**RGC Property**").

RECEIVER'S MANDATE

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized to: (i) operate and manage RGC and sell the trucking, warehousing and logistics business that is owned and operated through some or all of the Respondent entities (the "**Trucking Business**") (the "**Sale Mandate**"); and (ii) investigate and report on any financial and operational issues identified by the Parties, including those identified in the awards of Larry Banack dated July 3, 2020 and October 26, 2020, and any other matters identified during the course of the Receiver's investigation, in order to ensure

that the Trucking Business is being sold in a manner that maximizes the value of that business (the “**Investigation Mandate**”).

4. THIS COURT ORDERS that the Receiver will pursue the Sale Mandate as expeditiously as reasonably possible in order to maximize the value of the Trucking Business on sale, as determined by the Receiver in its sole discretion.

5. THIS COURT ORDERS that the Receiver shall report to the Court on an interim and final basis as to the status of the Investigation Mandate (each, a “**Report**”). Both Paul and Rana shall be provided with a copy of any such Reports. The Reports may be filed under seal if requested by the Receiver or any of the Parties (as defined below), on terms that may be agreed among the Parties or ordered by the Court.

RECEIVER’S POWERS

6. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the RGC Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the RGC Property and any and all proceeds, receipts and disbursements arising out of or from the RGC Property;
- (b) to receive, preserve, and protect the RGC Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of RGC Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of RGC, including the powers to enter into any agreements, incur any obligations in the

ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of RGC;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of RGC or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to RGC and to exercise all remedies of RGC in collecting such monies, including, without limitation, to enforce any security held by RGC;
- (g) to settle, extend or compromise any indebtedness owing to RGC;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the RGC Property, whether in the Receiver's name or in the name and on behalf of RGC, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to RGC, the RGC Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the RGC Property, including advertising and soliciting offers in respect of the RGC Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the RGC Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.
- (l) to apply for any vesting order or other orders necessary to convey the RGC Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such RGC Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the RGC Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (n) to register a copy of this Order and any other Orders in respect of the RGC Property against title to any of the RGC Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of RGC;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of RGC, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by RGC;
- (q) to exercise any shareholder, partnership, joint venture or other rights which RGC may have;
- (r) to enter any premises owned or controlled by Motion and to take any steps the Receiver deems necessary to examine and preserve any and all of Motion's information, documents, records and electronic data, including but not limited to information relating to Motion's accounts or finance activities at any financial institution, with any trade creditor or with any other party; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including RGC and Motion, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

7. THIS COURT ORDERS that (i) Paul, Rana and Baldev Dhinsda ("**Baldev**"); (ii) Motion and RGC; (iii) all of Motion's and RGC's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iv) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any RGC Property or Motion Property in such Person's possession or control, shall grant immediate and continued access to any such RGC Property or Motion Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

8. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of RGC or Motion, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 8 or in paragraph 9 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to any privilege attaching to the Record or due to statutory provisions prohibiting such disclosure.

9. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other

manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

10. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords of RGC with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

11. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST RGC OR THE RGC PROPERTY

12. THIS COURT ORDERS that no Proceeding against or in respect of RGC or the RGC Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of RGC or the RGC Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

13. THIS COURT ORDERS that all rights and remedies against RGC, the Receiver, or affecting the RGC Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), and further provided that nothing in this paragraph shall (i) empower the Receiver or RGC to carry on any business which RGC is not lawfully entitled to carry on, (ii) exempt the Receiver or RGC from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

14. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by RGC, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

15. THIS COURT ORDERS that all Persons having oral or written agreements with RGC or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to RGC are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of RGC's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of RGC or such other

practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

16. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the RGC Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

17. THIS COURT ORDERS that all employees of RGC shall remain the employees of RGC until such time as the Receiver, on RGC's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

18. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the RGC Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the RGC Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of

such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any RGC Property shall be entitled to continue to use the personal information provided to it, and related to the RGC Property purchased, in a manner which is in all material respects identical to the prior use of such information by RGC, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

19. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the RGC Property or the Motion Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the RGC Property or the Motion Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

20. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its

obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

21. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the RGC Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the RGC Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, other than any validly perfected security interest under the Personal Property Security Act (Ontario) or such other applicable provincial legislation that has not been served with notice of this Order and subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

23. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

24. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel shall be funded first by RGC, or if RGC does not have sufficient funds, by or on behalf of Paul and Rana equally in respect of the Sale Mandate, which amount will be

repaid from the proceeds of the sale of the RGC Property. The whole of the RGC Property shall be and hereby is charged by way of a fixed and specific charge (the "**Funding Charge**") as security for the payment of any monies advanced by or on behalf of Paul and/or Rana to fund the Sale Mandate, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, save for the Receiver's Charge and any validly perfected security interest under the Personal Property Security Act (Ontario) or such other applicable provincial legislation that has not been served with notice of this Order, and subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

25. THIS COURT ORDERS that to the extent that the Receiver concludes that funds are required for the continued operation of the Trucking Business to maximize the value to be realized as part of the Sale Mandate, the Receiver shall offer both Paul and Rana the opportunity to lend funds to the Receiver on equivalent terms, and upon such offer being made and accepted by Paul, Rana, or Paul and Rana jointly, is hereby empowered to borrow from Paul, Rana, or Paul and Rana jointly (or if none of them agree, from a third party) by way of revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$50,000 (or such greater amount as this Court may by further Order authorize on terms, including an appropriate rate or rates of interest, that reflect the full degree of risk to the lender(s) associated with such lending) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Operations Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, save for the Receiver's Charge, the Funding Charge and any validly perfected security interest under the Personal Property Security Act (Ontario) or such other applicable provincial legislation that has not been served with notice of this Order, and subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA. For greater certainty, nothing in this Order

shall require Rana or Paul to advance funds to the Receiver, RGC or any other person to fund the operations of the Trucking Business.

26. THIS COURT ORDERS that neither the Funding Charge, the Operations Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

27. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Schedule "A"** hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order, whether pursuant to the Funding Charge described in paragraph 24 above, or under the Operations Charge described in paragraph 25 above.

28. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to the Funding Charge and any and all Receiver's Certificates evidencing the same shall rank in priority to monies from time to time borrowed by the Receiver pursuant to the Operations Charge and any and all Receiver's Certificates evidencing the same, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

29. Paul will post \$100,000 with the Receiver, which shall be used to fund the initial fees and expenses of the Receiver and its counsel in respect of the Investigation Mandate. To the extent the \$100,000 is exhausted by the Receiver and its counsel, Paul will continue to post additional funds, in increments of \$25,000, to fund the fees and expenses of the Receiver and its counsel in respect of the Investigation Mandate until such time as the Investigation Mandate is completed or the Court orders otherwise.

30. Both Paul and Rana reserve their rights to claim at any time for a revised allocation of any past or future fees and disbursements paid to the Receiver or its counsel, or any other amounts ordered to be paid in connection with these proceedings and the proceedings before the Arbitrator, based on the interim and/or final results of the Sale Mandate and the Investigation Mandate. To this end, the Receiver shall hold in escrow all proceeds from the sale of the Trucking Business that are otherwise to be

distributed to Paul or Rana pursuant to the October Minutes or otherwise until the issue of the allocation of costs has been resolved or further order of the court. For the avoidance of doubt, subject to further order of the Court, the Receiver may use the proceeds of the sale of the Trucking Business to fund the costs of the receivership as set out in this order, including the fees and expenses of the Receiver and its counsel.

SERVICE AND NOTICE

31. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ‘<<https://www.ksvadvisory.com/insolvency-cases/case/rgc>>’.

32. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to RGC’s creditors or other interested parties at their respective addresses as last shown on the records of RGC and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

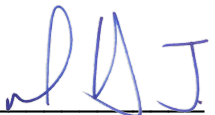
33. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

34. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of RGC or of Motion.

35. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

36. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

37. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

_____ 

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KSV Restructuring Inc., the receiver (the "Receiver") of the assets, undertakings and properties of the corporate entities listed on Schedule "A" hereto (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 26th day of May, 2021 (the "Order") made in an action having Court file number CV-18-593636-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses. For the avoidance of doubt, the amounts borrowed under this certificate shall have the benefit of the [Funding Charge / Operations Charge] set out in the Order.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Other than as set out in the Order with respect to priority of monies borrowed pursuant to Receiver Certificates, and any other Order of the Court, until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

KSV RESTRUCTURING INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____

Name:

Title:

Schedule "A" to Receiver Certificate

Debtors:

1. PROEX LOGISTICS INC.;
2. GURU LOGISTICS INC.;
3. 1542300 ONTARIO INC. (OPERATED AS ASR TRANSPORTATION);
4. 2221589 ONTARIO INC.;
5. 2435963 ONTARIO INC.;
6. NOOR RANDHAWA CORP.;
7. SUPERSTAR TRANSPORT LTD.;
8. R.S. INTERNATIONAL CARRIERS INC.;
9. SUBEET CARRIERS INC.;
10. SUPERSTAR LOGISTICS INC.;
11. CONTINENTAL TRUCK SERVICES INC.; and
12. ASR TRANSPORTATION INC.

SWINDERPAL SINGH RANDHAWA

Applicant

and

RANA PARTAP SINGH RANDHAWA, et al.

Respondents

Court File No.: CV-18-593636-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at Toronto

ORDER

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Lawyers for the Applicant

Appendix “B”

CITATION: Randhawa v. Randhawa, 2021 ONSC 3643

COURT FILE NO.: CV-18-593636-00CL

DATE: 20210519

SUPERIOR COURT OF JUSTICE – ONTARIO

(Commercial List)

RE: SWINDERPAL SINGH RANDHAWA

Applicant

AND:

RANA PARTAP SINGH RANDHAWA, PROEX LOGISTICS INC.,
GURU LOGISTICS INC., 1542300 ONTARIO INC. (OPERATED AS ASR
TRANSPORTATION), 2221589 ONTARIO INC., 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.

Respondents

BEFORE: Koehnen J.

COUNSEL: *Aaron Kreaden, Sam Dukesz* for the Applicant

Brian Kolenda, Chris Kinnear Hunter for the Respondents

Christina Bowman for Motion Transport Ltd.

HEARD: March 12, 2021

ENDORSEMENT

[1] The applicant Swinderpal Singh Randhawa and the respondent Rana Partap Singh Randhawa are brothers. They have been involved in a long, acrimonious dispute about the separation of their interests in various businesses that they once ran together. The division of their businesses has been adjudicated on several occasions by Mr. Larry Banack acting as arbitrator. The applicant was referred to as Paul and the respondent as Rana in the factums of the parties and during oral argument. I will use the same names in these reasons.

- [2] Between the two of them, Paul and Rana raised three issues for determination on this motion:
- I. Did the Arbitrator have jurisdiction to appoint an inspector under the *Ontario Business Corporations Act*¹ (the “OBCA”)?
 - II. Should the receiver appointed to sell the remaining business also be empowered to conduct an investigation that the Arbitrator envisaged that the inspector would conduct?
 - III. Who should be appointed as receiver?
- [3] For the reasons set out below, I find that the Arbitrator had jurisdiction to appoint an inspector, the receiver should have investigatory powers and Paul’s proposed receiver should be appointed.

I. Arbitrator’s Jurisdiction to Appoint an inspector

- [4] Rana submits that the Arbitrator had no jurisdiction to appoint an inspector under the OBCA because the statute reserves the power to do so to this court and because the inspector was to have the power to investigate Motion Transport Ltd., a non-party to the arbitration agreement.
- [5] I will first address the Arbitrator’s power to appoint an inspector under the OBCA and then address the implications of the inspector’s power to look into the affairs of Motion.
- [6] Paul commenced an oppression application in March 2018. The application was settled on October 1, 2018 by entering into Minutes of Settlement. The Minutes of Settlement called for the dissolution or sale of the businesses the brothers ran including the trucking business that is the subject of this motion.
- [7] Rana submits that an arbitrator has no power to appoint an inspector because s. 162 (1) of the OBCA provides that “the court may appoint an inspector” and “court” is defined as the Ontario Superior Court of Justice. Rana relies on several authorities for the proposition that an arbitrator has no power to award a statutory remedy like the appointment of an inspector.
- [8] Some confusion has arisen in this area because issues are often conflated and then reduced to a short form statement that an arbitrator has no power to grant a statutory remedy. Rather than resorting to the short form statement that an arbitrator has no power to grant a statutory remedy as Rana submits, I find it more helpful to untangle some of the issues that the cases address. Some of those separate issues include: (i) Whether an arbitrator in principle has

¹ *Ontario Business Corporations Act*, R.S.O. 1990. c. B. 16

the power to grant a statutory remedy; (ii) Whether there are reasons in a particular case that might make it inappropriate for an arbitrator to grant a statutory remedy; (iii) The scope of the particular arbitration clause at issue; and (iv) A judicial concern that a party may be deprived of a remedy if they are limited to arbitration.

- [9] As a starting point, more recent Ontario cases make it clear that statutory remedies, and in particular OBCA remedies, can be pursued through arbitration.²
- [10] The only principled reason for preventing an arbitrator from awarding a statutory remedy that Rana advanced before me was the possibility that statutory remedies might affect persons who are not signatories to the arbitration agreement.
- [11] In this regard Rana submits that an *OBCA* inspector is a court officer with specific rights and responsibilities set out in the statute. These include powers a private arbitrator could never grant including “requiring any person to produce documents or records to the inspector”, “authorizing an inspector to conduct a hearing, administer oaths and examine any person upon oath, and prescribing rules for the conduct of the hearing” and “requiring any person to attend a hearing conducted by an inspector and to give evidence upon oath”.³
- [12] To the extent that the inspector is being asked to exercise its powers vis-à-vis persons who are not party to the arbitration agreement, I agree that an arbitrator has no jurisdiction to empower an inspector to do so. If, however, the powers of the inspector are limited to investigating the signatories to an arbitration agreement, I was given no conceptual reason for which an arbitrator should be precluded from appointing an inspector. Although the OBCA might refer to the court appointing an inspector, the whole principle underlying arbitration is that parties are free to contract out of the court system and submit their disputes to an arbitrator unless precluded by statute or public policy.
- [13] In the case at hand, the Arbitrator recognized that his jurisdiction was limited to the signatories of the arbitration agreement and provided that if the inspector extended his activities beyond signatories to the arbitration agreement, the parties would have to obtain the assistance of the court. Paragraph 3 of his initial *ex parte* order provides:

I HEREBY DECLARE THAT the scope of the investigation requested to be made by the inspector and the appointment and powers of the inspector are to be determined by return motion before me or the Superior Court of Justice (Commercial List) if the inspection could potentially impact the rights of entities who are not parties to the arbitration clause contained in the Minutes and are therefore outside my jurisdiction as Arbitrator.

² *The Campaign for the Inclusion of People who are Deaf and Hard of Hearing v. Canadian Hearing Society*, 2018 ONSC 5445 at para. 58-59; *Blind Spot Holdings Ltd. v. Decast Holdings Inc.*, 2014 ONSC 1760 at para. 28.

³ *Business Corporations Act*, RSO 1990, c B.16, [s 162](#).

- [14] Seeking the court's assistance in those circumstances is a solution that would naturally impose itself in any event. Enforcement of arbitral award depends initially on the agreement of the parties. An arbitral award has no independent compulsory force. To give it compulsory force, the successful party must in any event go to a court to have the award recognized and enforced.
- [15] The arbitration agreement in question is found in paragraph 22 of the Minutes of Settlement between the parties. It provides:
- Paul and Rana each agree that any dispute arising in respect of the completion or implementation of these Minutes of Settlement, then Paul and Rana agree to appoint an arbitrator ... and any such determinations shall be made on a summary basis and be final and binding on the Parties and shall not be subject to appeal.
- [16] Apart from a minor grammatical error, the arbitration clause is clear. Paul and Rana have agreed to submit to an arbitrator "any dispute arising in respect of the completion or implementation of these Minutes of Settlement." The arbitration is not limited to the interpretation of the agreement. It is broader than that and encompasses "any dispute" that arises "in respect of the completion or implementation" of the Minutes of Settlement. The Minutes of Settlement specifically require Rana to provide Paul with information. The Arbitrator found that Rana had failed to do so.
- [17] The Minutes of Settlement impose specific obligations with respect to provision of information. Paragraph three of the Minutes provide:
- Upon the execution of these Minutes of Settlement, the Parties agree to act in good faith to provide each other with financial, operational and any other information that is required to ensure that the events described in these Minutes of Settlement proceed in an open and transparent manner, including, but not limited to, information to allow the Parties to monitor the Trucking Business and Real Estate Business while the steps contemplated by these Minutes of Settlement are being implemented.
- [18] Paragraphs 4-8 set out a process whereby the parties have time to assess the information they receive to determine whether one of them has directly or indirectly obtained an unequal benefit from the trucking business in the period following January 1, 2011. If one party asserts the other has received an unequal benefit and the parties cannot resolve that dispute, the Minutes call for the appointment of an independent accountant or arbitrator to determine the amount of the unequal benefit. The independent accountant or arbitrator is to work with the parties to determine a fair and efficient process for making that determination. If the parties cannot agree on that process, the independent accountant or arbitrator is empowered to determine the process.

- [19] In my view, the Arbitrator's appointment of the inspector was squarely within the powers he was given under the Minutes of Settlement. He was empowered to establish a process to determine any alleged unequal benefit to one of the parties. Doing so was part and parcel of implementing the Minutes of Settlement. He determined that the most efficient way of doing so was to appoint an inspector. He was squarely within his jurisdiction under the Minutes of Settlement to do so.
- [20] Rana relies on *Armstrong v. Northern Eyes Inc.*,⁴ which he submits stands for the proposition that an arbitrator has no power to award a statutory remedy. *Armstrong*, arose in the context of a shareholders' agreement that provided a specific remedy for a departing shareholder. The arbitration clause was contained in the shareholders agreement. In that context, the case is not so much about a conceptual holding that arbitrators have no power to award statutory remedies but can be more closely read as standing for the proposition that in the circumstances of that case, where the parties had contemplated a specific remedy for a departing shareholder, the arbitration agreement did not give the arbitrator the power to go beyond the contractually agreed to remedy. That is far different from saying that an arbitrator has no power to award a remedy under the OBCA, regardless of the circumstances.
- [21] The following extracts from the Divisional Court reasons make this clear:

[34] It might also be noted that the remedies open to the arbitrator under Article 14 are comparatively close to the remedies available under OBCA s. 248(3)(f). The remedies are operationally identical in the sense that they require the majority to purchase the applicant's shares. What may differ, depending on the view that might be taken by the court in an oppression hearing, is the scope of the methodology used to achieve the valuation. If not completely identical, the remedies are comparatively close.

[35] Where the essential character of the dispute is subject to arbitration, there is no real deprivation of ultimate remedy so long as the applicant is able to pursue an appropriate remedy through the specialized vehicle of arbitration.

[36] Such is the case here. The applicant agreed in Article 14 that on leaving the company, he would tender his shares to be redeemed by the company at fair market value to be determined by the company's accountants. The applicant's problem is not that he lacks an appropriate remedy. His problem is that the method of valuation within the remedy to which he agreed may not be as

⁴ *Armstrong v. Northern Eyes Inc.*, 2000 CanLII 29047 (ON SCDC)

potentially advantageous to him as that which might be imposed by a court under the OBCA. There is nothing unequal or unfair, within the meaning of s. 6(3) of the Arbitration Act, in holding the applicant to his agreement. Absent the extraordinary circumstances contemplated by cases such as *Deluce*, the *Weber* principle does not oust the arbitrator simply because the applicant now prefers the potential of a valuation method that might be more advantageous to him than the method to which he agreed.

[22] Put differently, when the arbitrator in *Armstrong* said he had no authority to grant a statutory remedy, he was really saying that the arbitration agreement prescribed the remedies that were available to the parties and, since arbitration is a matter of contract, the arbitrator had no power to go beyond the contractual remedy and provide a statutory remedy.

[23] Next, Rana relies on the decision of Justice Lax in *Pandora Select Partners, LP v. Strategy Real Estate Investments Ltd.*⁵ Like *Armstrong*, *Pandora* is not so much about a general proposition to the effect that an arbitrator has no power to award remedies under the OBCA as it is about: (i) concerns that the applicant would be denied access to an OBCA remedy entirely; and (ii) the interpretation of the particular arbitration clause in that case.

[24] In *Pandora*, investors subscribed for shares in shares an OBCA company. The investors later complained that the OBCA company had not produced audited financial statements as they are required to do by the statute. The subscription agreement provided that it was to be construed with and governed by the laws of the State of New York and that:

Any controversy, claim or dispute arising out of or relating to this Subscription Agreement between the parties hereto, their assignees, their affiliates, their attorneys, or agents, shall be litigated solely in state or Federal Court in New York City....

[25] On the plain wording of the OBCA, a state or federal court in New York is not a “court” for the purposes of the OBCA and may not be entitled to grant OBCA remedies.

[26] At the same time, the subscription agreement contained a conflicting clause which called for any dispute to be resolved “exclusively by arbitration to be conducted in New York, New York in accordance with the rules of the American Arbitration Association.”

⁵ *Pandora Select Partners, LP v. Strategy Real Estate Investments Ltd.*, 2007 CanLII 8026 (ON SC)

[27] In paragraph 15 of her reasons, Justice Lax drew a distinction between the arbitration clause which governed the subscription agreement and the core obligations of the OBCA corporation. On her interpretation of the arbitration agreement, Justice Lax found that the applicants had not contracted out of the right to apply to an Ontario court for relief about the manner in which the underlying corporation was to be governed. In doing so she explained:

[15] The right of shareholders to financial reporting is solely a function of the legal relationship between a corporation and its shareholders under the OBCA. By contrast, the arbitration clause is contained in the Subscription Agreements, the purpose of which was to consummate a commercial transaction. The Subscription Agreements do not purport to apply to the core obligations which SREI has to the Applicants under the OBCA. Rather, they are primarily comprised of terms peculiar to the transaction, namely, representations and warranties between the parties that were intended “to induce” one another “to enter into” the Subscription Agreements, together with various covenants by SREI, including ones relating to compliance with U.S. securities legislation, compliance with laws, the keeping of records and books of account and the status of dividends. This would suggest that the arbitration clause is properly interpreted as applying to issues arising in the context of the transaction contemplated by the Subscription Agreements.

[28] Justice Lax continued in paragraph 16 of her reasons to express a concern that

If the arbitration clause is interpreted as prohibiting the Applicants from seeking judicial enforcement of SREI’s core obligations under the OBCA, this would mean that, merely by agreeing to include the arbitration clause in the Subscription Agreements, the Applicants have absolved SREI of its core financial disclosure obligations. In particular, if the arbitration clause prohibits the Applicants from seeking judicial enforcement of SREI’s core obligations, it is likely the case that there is no forum to which the Applicants can turn to enforce those core obligations, thereby rendering the obligation nugatory. In turn, the arbitration clause would effectively circumvent the statutory requirement of explicit written consent provided by section 148(b) to exempt SREI from its obligations under Part XII of the OBCA. The deprivation of a statutory right is a matter to be considered in determining the scope of an arbitration clause.

- [29] *Pandora* does not express a view that an arbitrator has no power to award OBCA remedies. Rather, it expresses a concern about what might happen in a foreign forum if the arbitral clause were interpreted that way and the concern that a foreign court may not have the power to award OBCA remedies.
- [30] Finally, Rana relies on the decision of the Court of Appeal for British Columbia in *ABOP LLC v. Qtrade Canada Inc.*⁶ The reasons of the motions court judge and of the Court of Appeal suggested that oppression relief was not available in the arbitration in that case. It is not entirely clear though whether this finding was grounded in a legal rule to the effect that statutory remedies are not available in arbitrations or whether it was grounded in the interpretation of the arbitration clause that applied in that case. The arbitration agreement at issue provided that a portion of the dispute was subject to arbitration but another portion of the dispute was not. The Court of Appeal disposed of the issue by holding that it would be for the arbitrator to make all necessary findings of fact. If those findings supported an oppression claim, then the applicant could continue the oppression claim in court based on the arbitrator's findings of fact.
- [31] This is similar to what happened here. The Arbitrator made a finding that the appointment of an inspector was appropriate. He specifically found, however, that Paul would have to go to the courts if the inspector's powers were intended to affect persons that had not signed the arbitration agreement.
- [32] In my view, the Arbitrator acted entirely appropriately and within his jurisdiction in authorizing the investigation and in directing the parties to the court if they wanted to expand the powers of the inspector to affect non-signatories to the arbitration agreement.

II. Should the Receiver Conduct an Investigation?

- [33] The landscape has changed somewhat since this matter was last before the Arbitrator. Both parties now agree that a receiver should be appointed to sell the trucking business. The issue separating them is whether the receiver should have investigatory powers.
- [34] The Arbitrator already determined that an investigation is needed in connection with the sale of the trucking business. Rana submits that I am not entitled to rely on any of the findings the Arbitrator made and must revisit the question of an investigatory receivership from scratch.
- [35] I disagree. Rana's position might have more force if the question before me were whether a receiver should be appointed. That, however, is not in issue. Rana agrees that a receiver should be appointed. The only point of difference is whether there should be an

⁶ *ABOP LLC v. Qtrade Canada Inc.*, 2007 BCCA 290.

investigation. It matters little whether the investigation is conducted by an inspector or by a receiver. The point is whether an investigation should occur. That issue has already been fully canvassed by the Arbitrator in a process that took many months.

- [36] As noted above, even if I were to adopt Rana's view to the effect that the Arbitrator had no jurisdiction to appoint an inspector, the decision of the British Columbia Court of Appeal in *ABOP* holds that the appropriate course of action is for the Arbitrator to make relevant findings of fact and for the court to consider whether the statutory remedy is appropriate on those facts.
- [37] The Arbitrator made ample findings of fact to justify the need for an investigation. The arbitrator has been involved with the parties since 2018. He has issued 12 endorsements or awards relating to the disputes between them. He has in his words "become very familiar with" their business dealings.
- [38] The Arbitrator rendered two decisions in respect of the appointment of an inspector. The first was an *ex parte* order dated July 3, 2020. The matter then returned to the Arbitrator for submissions by Rana. That led to a further decision dated October 26, 2020 which runs to 359 paragraphs. It was based on extensive evidence including eight affidavits and *viva voce* cross-examinations before the Arbitrator, albeit conducted virtually.
- [39] The Arbitrator provided detailed reasons for appointing an inspector which fall into two general categories.
- [40] First, Rana "perpetuated a lack of transparency" in the operation of the trucking business. This included findings of a "lack of good faith in providing financial and operational information required to secure the sale of the Trucking Business." As noted earlier, the Minutes of Settlement required Rana to give Paul information to enable him to monitor the trucking business before the sale. The Arbitrator found that "Rana has failed to comply with his disclosure obligations" under the Minutes of Settlement. Among other things, the Arbitrator noted that it was Rana's obligation to prepare financial statements and that Rana did not do so.
- [41] Second, the Arbitrator made several findings that Rana's own proposed receiver acknowledged would constitute red flags for potential fraud.
- [42] Far from casting any doubt on the *ex parte* order, Rana's participation in the with notice hearing only strengthened the Arbitrator's view about the need for an inspector.
- [43] The Arbitrator made a series of findings surrounding what appeared to be the transfer of at least 12 trucks from the brothers' business to Motion Transport Ltd. It appears that Motion acquired the trucks for the same price at which Rana had sold them, sometimes to third party, a day or two earlier. Motion was run by a good friend of Rana's, Mr. Dhinda. Mr. Dhinda says he was retired. Rana's son worked for Motion. Mr. Dhinda could not explain where Motion got the money to purchase the trucks that formerly belonged to the brothers' business. Moreover, Mr. Dhinda stated that he had no knowledge of Motion's accounting or operational issues because Rana's son "looked after that."

- [44] The need for an investigation is well-founded. Whether it is conducted by an inspector or a receiver does not matter.
- [45] In the hearing before me, Rana resisted the investigatory aspect of the receivership by: taking issue with some of the facts that the Arbitrator found; pointing to the cost of the investigation and by pointing to the delay an investigation will have on the sale. None of these provides a basis for refusing the investigation.
- [46] Rana is entitled to dispute the facts on which the Arbitrator based his order for an investigation. The Arbitrator did not make definitive findings of fact in this regard nor is he entitled to. Indeed, the whole point of appointing an inspector is because facts need to be investigated. The test for the Arbitrator was whether there were sufficient grounds to have concerns about wrongdoing to warrant an investigation. There were more than ample grounds in this regard. Rana also suggested before me that his son was no longer working at Motion. That may or may not be the case but it has nothing to do with the allegations of past misconduct levelled against Rana and his relationship with Motion.
- [47] With respect to the costs of the investigation, Paul has agreed to fund the investigation initially. If it finds wrongdoing, Paul will be compensated for the cost of the investigation out of the proceeds of sale. If it finds no wrongdoing, then the cost will remain for Paul's account.
- [48] With respect to concerns about the delay that the investigation would have on the sale, Rana's own proposed receiver stated that: the investigation could be done expeditiously;⁷ there are synergies to be gained by investigating while advancing the sales process;⁸ and if there is a concern that Rana has not acted in good faith in providing information required to sell the business, it would be prudent "investigate those issues as part of any sale."⁹ The Arbitrator expressly found that concerns about Rana's lack of good faith were valid.¹⁰
- [49] There are also ample grounds for which the Receiver should be entitled to examine the affairs of Motion. I note here that the Receiver would not be making any findings of liability but would merely be conducting a factual investigation. The Receiver does not need to disrupt Motion's business to do so. It is simply a matter of having access to Motion's records which can be easily facilitated by allowing the Receiver to image Motion's computers or other electronic storage devices.
- [50] In *Akagi v. Synergy Group (2000) Inc.*,¹¹ the Ontario Court of Appeal confirmed that the mandate of a receiver appointed under section 101 of the *Courts of Justice Act*¹² can in appropriate cases include an investigation. As Blair J.A. stated:

⁷ Nackan Cross at q. 166.

⁸ Nackan Cross at q. 172.

⁹ Nackan Cross at q. 151.

¹⁰ October Award at para. 293.

¹¹ *Akagi v. Synergy Group (2000) Inc.*, 2015 ONCA 368

¹² *Courts of Justice Act*, RSO 1990, c C.43

Indeed, whether it is labelled an “investigative” receivership or not, there is much to be said in favour of such a tool, in my view – when it is utilized in appropriate circumstances and with appropriate restraints. Clearly, there are situations where the appointment of a receiver to investigate the affairs of a debtor or to review certain transactions – including even, in proper circumstances, the affairs of and transactions concerning related non-parties – will be a proper exercise of the court’s just and convenient authority under section 101 of the Courts of Justice Act.¹³

- [51] In paragraph 98 of *Akagi*, Blair J.A. set out four themes or factors that emerged from the case law surrounding investigative receiverships.
- [52] The first is whether the appointment is necessary to alleviate a risk to the plaintiff’s right to recovery. I am satisfied that this factor has been met. Paul is entitled to 50% of the proceeds of sale. Rana is not entitled to any unequal benefit. There are a series of suspicious circumstances the Arbitrator identified that would, if substantiated, lead to an unequal benefit to Rana.
- [53] The second factor is to determine whether the objective is to gather information and “ascertain the true state of affairs” of the debtor, or a related network of entities. This is the very purpose of an investigatory receiver. The appointment order can define the Receiver’s powers to ensure that they are limited to this purpose. There is also a need to gather information because, as the Arbitrator noted, there is an informational imbalance between the parties. Correcting an informational imbalance is one key reason for appointing an investigative receiver.¹⁴
- [54] The third factor is that the Receiver does not control the debtor’s assets or operate its business, leaving the debtor to carry on its business in a manner consistent with the preservation of its business and property. This factor is of lesser importance here because the Receiver will also be empowered to sell the trucking business. As it relates to Motion, however, it is clear that the Receiver will not be operating Motion’s business but will merely be investigating certain transactions between Motion and the brothers’ trucking business or entities related to them.
- [55] Finally, the receivership should be carefully tailored to what is required to assist in the recovery while protecting the defendant’s interests, and go no further than necessary to achieve these ends. This too can be easily achieved by tailoring the order appropriately.
- [56] There is ample authority to permit an inspector to extend its investigation to non-parties. In connection with the appointment of an inspector, s. 162(1) of the OBCA allows the

¹³ *Akagi* at para. 66

¹⁴ *Akagi* at para 90.

court to make any order it thinks fit including, without limiting the generality of the foregoing:

(d) an order authorizing an inspector to enter any premises in which the court is satisfied there might be relevant information, and to examine anything and make copies of any document or record found on the premises;

(e) an order requiring any person to produce documents or records to the inspector;

(f) an order authorizing an inspector to conduct a hearing, administer oaths and examine any person upon oath, and prescribing rules for the conduct of the hearing;

(g) an order requiring any person to attend a hearing conducted by an inspector and to give evidence upon oath;

(h) an order giving directions to an inspector or any interested person on any matter arising in the investigation;

[57] The wording of these provisions makes it clear that an inspector's powers are not restricted merely to the parties to the litigation but extend to all who have relevant information.

[58] Similarly, investigatory receivers have been given powers to include non-parties within the ambit of their investigation,¹⁵ especially where the non-parties were involved in the movement of funds or assets at issue.¹⁶

[59] On the basis of the foregoing, I am satisfied that the receiver should have the investigatory powers Paul seeks.

[60] I am equally satisfied that the investigation should extend to Motion. Motion had the ability to make submissions before the Arbitrator and made submissions before me on this motion. Its submissions on the motion before me consisted of contesting some of the factual findings of the Arbitrator and of general allegations of inconvenience. As noted, however, the fact remained to be determined and all that would be required of Motion is to provide an image of its records to the investigatory receiver. If Motion does not cooperate in that regard, the steps required may be more intrusive. Whether more intrusive steps are required will initially be up to Motion to determine.

¹⁵ *Akagi* at para 90.

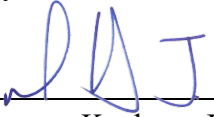
¹⁶ *DeGroot v. DC Entertainment Corp.*, 2013 ONSC 7101 at paras. 58 and 60.

III. Who should be appointed as receiver?

- [61] Paul proposes that the court appoint KSV as Receiver. Rana proposes that A. Farber and Partners Inc. be appointed. I am concerned that Farber may be conflicted based on a prior retainer by Rana. Rana had retained Farber to assist him in the litigation between the parties. Farber's representative acknowledged that this created a potential conflict.
- [62] Given past acrimony I think it is preferable to appoint KSV.

Disposition and Costs

- [63] For the reasons set out above, Paul's motion is granted and KSV will be appointed Receiver over the trucking businesses of the parties.
- [64] A draft order was included with the Caselines materials. If the respondents have any objections to that order they should notify the applicants and me by email within 48 hours. I will then set up a case conference to finalize the form of order.
- [65] Any party seeking costs of the motion may make written submissions by June 1, 2021. Responding submissions should follow by June 8, 2021 with reply due by June 14.



Koehnen J.

Date: May 19, 2021

Appendix “C”

ASR Transportation Inc.

	Secured Parties	Debtors	Reg. No.	Collateral Classification
1.	THE BANK OF NOVA SCOTIA	ASR TRANSPORTATION 1542300 ONTARIO INC.	20151026016530 153205355 Expires: October 26, 2025	Inventory Equipment Accounts Other
General Collateral Description:				

1542300 Ontario Inc.

	Secured Parties	Debtors	Reg. No.	Collateral Classification
1.	THE BANK OF NOVA SCOTIA	ASR TRANSPORTATION 1542300 ONTARIO INC.	20151026016530 153205355 Expires: October 26, 2025	Inventory Equipment Accounts Other
General Collateral Description:				
2.	ROYAL BANK OF CANADA	1542300 ONTARIO INC.	20170131 1034 1529 8101 Expires: January 31, 2022	Consumer Goods Other Motor Vehicle
Motor Vehicle Description: 2017 GMC SIERRA 1500 VIN: 3GTU2NEC9HG213631				
3.	VFS CANADA INC.	1542300 ONTARIO INC.	20170330 1036 8077 0097 Expires: March 30, 2023	Equipment Other Motor Vehicle
Motor Vehicle Description: 2017 VOLVO VNL64T 670 VIN: 4V4NC9EH2HN951125				
4.	VFS CANADA INC.	1542300 ONTARIO INC.	20170330 1036 8077 0100	Equipment Other

	Secured Parties	Debtors	Reg. No.	Collateral Classification
			Expires: March 30, 2024	Motor Vehicle
	Motor Vehicle Description: 2016 VOLVO VNL64T 300 DAY CAB VIN:4V4NC9EG4GN950967			
5.	VFS CANADA INC.	1542300 ONTARIO INC.	20170330 1036 8077 0102 Expires: March 30, 2023	Equipment Other Motor Vehicle
	Motor Vehicle Description: 2017 VOLVO VNL64T 780 VIN: 4V4NC9EH7HN951282 2017 VOLVO VNL64T 780 VIN: 4V4NC9EH9HN951302			
6.	VFS CANADA INC.	1542300 ONTARIO INC.	20170330 1432 8077 0121 Expires: March 30, 2023	Equipment Other Motor Vehicle
	Motor Vehicle Description: 2017 VOLVO VNL64T 670 VIN: 4V4NC9EH9HN967306			
7.	VFS CANADA INC.	1542300 ONTARIO INC.	20170822 1036 8077 9473 Expires: August 22, 2023	Equipment Other Motor Vehicle
	Motor Vehicle Description: 2018 VOLVO VNL64T 670 VIN: 4V4NC9EH1JN889299			
8.	VFS CANADA INC.	1542300 ONTARIO INC.	20170913 1438 8077 0485 Expires: September 13, 2023	Equipment Other Motor Vehicle
	Motor Vehicle Description: 2018 GREAT DANE REGRIG VAN ALUM VIN: 1GRAA062XJW122962 2018 GREAT DANE REGRIG VAN ALUM VIN: 1GRAA0621JW122963			
	General Collateral Description: 2018 GREAT DANE REGRIG VAN ALUM 53X102 S/N 1GRAA062XJW122962, THERMO KING C600, S/N 6001245534 C/W TRACKING AND SOLAR BATTERY CHARGING // 2018 GREAT DANE REGRIG VAN ALUM 53X102 S/N 1GRAA0621JW122963, THERMO KING C600, S/N 6001245532 C/W TRACKING AND SOLAR BATTERY CHARGING			

	Secured Parties	Debtors	Reg. No.	Collateral Classification
9.	VFS CANADA INC.	1542300 ONTARIO INC.	20170927 1436 8077 1153 Expires: September 27, 2022	Equipment Other Motor Vehicle
Motor Vehicle Description: 2018 GREAT DANE TRAILER REFRIG VAN ALUM 53X VIN: 1GRAA0628JW122961 2018 GREAT DANE TRAILER REFRIG VAN ALUM 53X VIN: 1GRAA0623JW122964				
General Collateral Description: 2018 GREAT DANE TRAILER REFRIG VAN ALUM 53X102 S/N 1GRAA0628JW122961 C/W THERMO KING C600 S/N 6001245533 C/W TRACKING AND SOLAR BATTERY CHARGING// 2018 GREAT DANE TRAILER REFRIG VAN ALUM 53X102 S/N 1GRAA0623JW122964 C/W THERMO KING C600 S/N 6001245535 C/W TRACKING AND SOLAR BATTERY CHARGING//				
10.	THE BANK OF NOVA SCOTIA	1542300 ONTARIO INC.	20171005 1107 1219 5618 Expires: October 5, 2022	Equipment Other Motor Vehicle
Motor Vehicle Description: 2017 CADILLAC ESCALADE VIN: 1GYS4CKJ3HR381283				
General Collateral Description: OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE AND THE PROCEEDS OF THOSE VEHICLES				
11.	VFS CANADA INC.	1542300 ONTARIO INC.	20171012 1628 8077 1842 Expires: October 12, 2023	Equipment Other Motor Vehicle
Motor Vehicle Description: 2018 VOLVO VNL64T 670 VIN: 4V4NC9EH1JN889304 2018 VOLVO VNL64T 670 VIN: 4V4NC9EHXJN889303				
12.	VFS CANADA INC.	1542300 ONTARIO INC.	20171017 1031 8077 1995 Expires: October 17, 2023	Equipment Other Motor Vehicle
Motor Vehicle Description: 2018 VOLVO VNL64T 670 VIN: 4V4NC9EH3JN886310 2018 VOLVO VNL64T 670 VIN: 4V4NC9EH0JN888435				

	Secured Parties	Debtors	Reg. No.	Collateral Classification
	General Collateral Description: 2018 VOLVO VNL64T 670 S/N 4V4NC9EH3JN886310 C/W INVERTER // 2018 VOLVO VNL64T 670 S/N 4V4NC9EH0JN888435 C/W INVERTER.			
13.	VFS CANADA INC.	1542300 ONTARIO INC.	20201214 1033 8077 9206 Expires: December 14, 2025	Equipment Other Motor Vehicle
	Motor Vehicle Description: 2016 WABASH TRAILER VIN: 1JJV532D6GL919073 2016 WABASH TRAILER VIN: 1JJV532D8GL919074 2016 WABASH TRAILER VIN: 1JJV532DXGL919075 2016 WABASH TRAILER VIN: 1JJV532D1GL919076 2016 WABASH TRAILER VIN: 1JJV532D5GL919095			
	General Collateral Description: THE SERIAL NUMBER GOODS DESCRIBED ABOVE TOGETHER WITH ALL PRESENT AND AFTER-ACQUIRED PARTS, ACCESSIONS, COMPONENTS, APPLIANCES, ATTACHMENTS AND REPLACEMENTS THAT MAY BE INCORPORATED, INSTALLED OR ATTACHED, FROM TIME TO TIME, THERETO. PROCEEDS ALL GOODS, CHATTEL PAPER, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY, INTANGIBLES (AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT) AND INSURANCE PROCEEDS			
14.	2412115 ONTARIO INC O/A DIESEL SOLUTIONS	1542300 ONTARIO INC.	20210426 1705 9266 7035 Expires: April 26, 2022	Motor Vehicle (This registration is pursuant to the <i>Repair and Storage Lien Act</i>)
	Motor Vehicle Description: 2015 VOLVO VVN VIN: 4V4NC9EJ5FN179428			
	General Collateral Description: COMPLETE WITH ALL PRESENT AND FUTURE ATTACHMENTS, ACCESSORIES, EXCHANGES, REPLACEMENTS, PARTS, REPAIRS, ADDITIONS AND ALL PROCEEDS THEREOF INCLUSIVE OF INSURANCE DISBURSEMENTS. REPAIR ORDER #4595			
15.	2412115 ONTARIO INC O/A DIESEL SOLUTIONS	1542300 ONTARIO INC. TRAVELERS LEASING LTD.	20210426 1705 9266 7036 Expires: April 26, 2022	Motor Vehicle (This registration is pursuant to the <i>Repair and Storage Lien Act</i>)
	Motor Vehicle Description: 2015 VOLVO VVN VIN: 4V4NC9EG7FN910574			
	General Collateral Description:			

	Secured Parties	Debtors	Reg. No.	Collateral Classification
	COMPLETE WITH ALL PRESENT AND FUTURE ATTACHMENTS, ACCESSORIES, EXCHANGES, REPLACEMENTS, PARTS, REPAIRS, ADDITIONS AND ALL PROCEEDS THEREOF INCLUSIVE OF INSURANCE DISBURSEMENTS. REPAIR ORDER #4683			
16.	2412115 ONTARIO INC O/A DIESEL	1542300 ONTARIO INC. WELLS FARGO EQUIPMENT FINANCE COMPANY	20210426 1722 9266 7037 Expires: April 26, 2022	Motor Vehicle (This registration is pursuant to the <i>Repair and Storage Lien Act</i>)
	Motor Vehicle Description: 2008 VOLVO VVN VIN: 4V4MC9GF98N488889			
	General Collateral Description: COMPLETE WITH ALL PRESENT AND FUTURE ATTACHMENTS, ACCESSORIES, EXCHANGES, REPLACEMENTS, PARTS, REPAIRS, ADDITIONS AND ALL PROCEEDS THEREOF INCLUSIVE OF INSURANCE DISBURSEMENTS. REPAIR ORDER #4878			
17.	2412115 ONTARIO INC O/A DIESEL SOLUTIONS	1542300 ONTARIO INC. SHOBRAJ TRANSPORT INC.	20210426 1743 9266 7038 Expires: April 26, 2022	Motor Vehicle (This registration is pursuant to the <i>Repair and Storage Lien Act</i>)
	Motor Vehicle Description: 2005 KENWORTH CON VIN: 1XKADB9XX5J978631			
	General Collateral Description: COMPLETE WITH ALL PRESENT AND FUTURE ATTACHMENTS, ACCESSORIES, EXCHANGES, REPLACEMENTS, PARTS, REPAIRS, ADDITIONS AND ALL PROCEEDS THEREOF INCLUSIVE OF INSURANCE DISBURSEMENTS. REPAIR ORDER #4936			