

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

BETWEEN:

THE TORONTO-DOMINION BANK

Applicant

and

JBT TRANSPORT INC., WAYDOM MANAGEMENT INC., MELAIR MANAGEMENT INC., HERITAGE TRUCK LINES INC., DRUMBO TRANSPORT LIMITED, HERITAGE NORTHERN LOGISTICS INC., and HERITAGE WAREHOUSING & DISTRIBUTION INC.

Respondents

SECOND REPORT OF BDO CANADA LIMITED, IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER OF JBT TRANSPORT INC., WAYDOM MANAGEMENT INC., MELAIR MANAGEMENT INC., HERITAGE TRUCK LINES INC., DRUMBO TRANSPORT LIMITED, HERITAGE NORTHERN LOGISTICS INC., and HERITAGE WAREHOUSING & DISTRIBUTION INC.

July 16, 2025

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INTRODUCTION AND BACKGROUND

1. JBT Transport Inc. (“**JBT**”), Waydom Management Inc., Melair Management Inc., Heritage Truck Lines Inc. (“**HTL**”), Drumbo Transport Limited (“**Drumbo**”), Heritage Northern Logistics Inc. (“**HNL**”), and Heritage Warehousing & Distribution Inc. (“**HWD**”) (collectively the “**JBT Group**” or the “**Companies**”) was in the business of end-to-end supply chain services, transportation logistics and warehousing services for customers across North America.
2. The JBT Group operated from leased premises located at 60 Steckle Street (“**Steckle**”) and owned premises at 425 Melair Dr. (“**Melair**”) and together with Steckle, the “**Premises**”). HWD’s warehousing operations are conducted from Steckle and all other operations were conducted from Melair.
3. In February 2022, the JBT Group commenced an expansion of its business including the purchase of Drumbo, HTL, HNL and HWD. Shortly after the expansion, market conditions declined and the JBT Group began experiencing financial difficulties.
4. On January 24, 2025 (the “**NOI Filing Date**”), each of the entities within the JBT Group filed a Notice of Intention to Make a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) (the “**NOI Proceedings**”). Dodick Landau Inc. (“**DLI**”) was the proposal trustee. The motion material in respect of the NOI Proceedings indicated that the purposes of those proceedings were to allow the JBT Group to conduct a sale and investment solicitation process with a view to maximize recovery for the stakeholders while maintaining going-concern operations to safeguard employment of the employees and preserve value for the stakeholders.
5. The JBT Group made an application to the Court to convert the NOI Proceedings to proceedings under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) (the “**CCAA Application**”). On February 8, 2025, DLI issued a pre-filing monitor’s report in support of the conversion of the NOI Proceedings to CCAA proceedings. On February 10, 2025, the Court converted the NOI Proceedings to CCAA proceedings pursuant to an initial order (“**Initial Order**”), which, among other things, appointed DLI as the monitor of the Companies.
6. The Toronto-Dominion Bank (“**TD Bank**”), senior secured lender to the JBT Group, brought a concurrent application to appoint a receiver over the assets, properties and undertakings of the Applicants (the “**Receivership Application**”). Hereinafter, this receivership proceeding shall be referred to as the “**Receivership Proceeding**” and the court order appointing BDO Canada Limited (“**BDO**” or the “**Receiver**”) as the receiver over the Respondents’ assets, properties and undertakings (collectively the “**Property**”) shall be referred to as the “**Receivership Order**”.

7. Pursuant to the terms of the Initial Order, inter alia, the Court:
 - a. granted a stay of proceedings in favour of each of the Applicants in the CCAA (the Respondents in this Receivership Proceeding) up to and including February 28, 2025;
 - b. ordered that all receivables received by the Applicants in the CCAA on or after the NOI Filing Date shall be treated in accordance with the provisions of the Highway Traffic Act, RSO 1990, c. H. 8 (the “**HTA**”), including section 190.0.1(3) therein;
 - c. stayed all Carriers (as defined in the HTA) from contacting customers of the Applicants in the CCAA in respect to the business of the Applicants, including but not limited to, requiring customers to make payments to the Carriers, soliciting business from such customers, from taking any enforcement action with respect to the amounts owed to them or from holding and refusing to deliver the Applicants’ load freight product on account of any outstanding indebtedness owed by the Applicants to the Carriers prior to the Filing Date;
 - d. granted the following charges:
 - i. a charge securing Carrier’s right to payment for the supply of services rendered to the Applicants in the CCAA in respect of shipments in connection with which such Carrier was engaged by the Applicants for the carriage of goods on or subsequent to the NOI Filing Date (the “**Carrier Charge**”). The Carrier Charge was granted on the applicable receivable associated with such shipment made by the Applicants or any of them, from and after the NOI Filing Date, and the charge on the applicable receivable was in the amount owing to the respective Carrier; and
 - ii. the Administration Charge in the amount of \$150,000 on all of the Applicants in the CCAA current and future assets, property and undertakings to secure the fees and disbursements of the Applicants’ legal counsel, as well as the fees and disbursements of the Monitor and its independent legal counsel.
8. The comeback date was set for February 27, 2025 (the “**Comeback Date**”). The Court issued its endorsement dated March 4, 2025 (the “**March 4 Endorsement**”) granting the Receivership Application and dismissing the CCAA Application. A copy of the March 4 Endorsement is attached hereto as **Appendix “A”**.
9. Paragraph 70 of the March 4 Endorsement provided that if there was no agreement as to the form of

receivership order by March 6, 2025 (the expiration of the stay period then in place), then the Court would sign the originally proposed form of receivership order.

10. No agreement was reached between counsel as to the form of receivership order. On March 7, 2025, the Court issued a supplemental endorsement specific to the Receivership Order, a copy of which is attached as **Appendix “B”**.
11. On March 6, 2025 (the “**Receivership Date**”), the Court granted the Receivership Order.
12. On April 17, 2025, the Court issued the Amended and Restated Receivership Order which:
 - a. approved Receivables Entitlement Process (as defined in the First Report) in respect of shipments delivered by third party carriers and payments received from customers from the date of the NOI proceedings; and
 - b. expanded the administrative charge to include the unpaid professional fees of DLI, its counsel and the Applicants’ counsel in the CCAA (the “**CCAA-Professionals**”) incurred prior to the granting of the Receivership Order. Such charge ranks pari passu with the Receiver’s administrative charge, is limited to \$75,000, pertains to unpaid fees incurred prior to the granting of the Receivership Order and is subject to customary review and taxation by the Court.

A copy of the Amended and Restated Receivership Order is attached hereto as **Appendix “C”**.

13. On April 17, 2025, the Court also issued the following orders:
 - a. Ancillary Order: approving the Receiver’s First Report and sealing the Confidential Appendices to the First Report; and,
 - b. Approval and Vesting Order: approving the HWD Transaction as between the Receiver as vendor and 1001172780 Ontario Limited as purchaser.
14. All information regarding the receivership proceedings can be accessed on the Receiver’s website at <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/jbt> and will remain available on the website for a period of six (6) months following the Receiver’s discharge.
15. This Second Report (defined herein) of the Receiver should be read in conjunction with the Confidential Supplement and Confidential Appendices which have filed to assist the Court in understanding the relief being sought.

PURPOSE OF REPORT

16. This report constitutes the second report of the Receiver (the “**Second Report**”), and is filed to:
 - a. Provide this Court with certain information pertaining to the Receivership Proceeding, including;
 - i. the activities of the Receiver since the First Report;
 - ii. the marketing process for the Companies’ Property and the terms of the proposed McDougall Transaction (defined below);
 - iii. the fees and disbursements of the Receiver and its counsel; and
 - iv. the fees and disbursements of the CCAA-Professionals.
 - b. Request an Approval and Vesting Order of this Court:
 - i. approving the agreement of purchase and sale between the Receiver, as vendor, and McDougall Auctioneer Ltd. (the “**Purchaser**”) dated July 15, 2025 (the “**McDougall Sale Agreement**”) and authorizing the Receiver to complete the transaction contemplated therein (the “**McDougall Transaction**”);
 - ii. vesting the JBT Group’s right, title and interest in the JBT Group’s Equipment (hereinafter defined) as specifically described in Schedule A attached to the McDougall Sale Agreement in and to the Purchaser free and clear of all encumbrances; and
 - iii. vesting the JBT Group’s right, title and interest in the subject Equipment in and to the Purchaser free and clear of all encumbrances.
 - c. Request an Order of this Court:
 - i. approving this Second Report and the activities of the Receiver set out herein;
 - ii. approving the Receiver’s professional fees and disbursements and those of its legal counsel, Harrison Pensa LLP (“**HP LLP**”);

- iii. authorizing the Receiver to distribute the net proceeds of the McDougall Transaction to TD Bank in an amount not to exceed the amount of the TD's Bank's indebtedness plus professional enforcement costs plus the applicable per diem interest up to the date of payment to TD Bank.
- iv. increasing the sale limits set out in paragraph 5(k) of the Amended and Restated Receivership Order from \$50,000 and \$100,000 to \$200,000 to \$400,000, respectively; and
- v. sealing the Confidential Supplement and Confidential Appendices to this Second Report until the closing of the McDougall Transaction.

TERMS OF REFERENCE

- 17. In preparing this Second Report, the Receiver has relied upon unaudited financial information, the books and records of the Companies, and discussions with former management of the Companies ("**Management**") and the stakeholders of the Companies.
- 18. The financial information of the Companies has not been audited, reviewed or otherwise verified by the Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this Second Report may not disclose all significant matters about the Companies. Additionally, none of the Receiver's procedures were intended to disclose defalcations or other irregularities. If the Receiver were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Receiver's attention. Accordingly, the Receiver does not express an opinion, nor does it provide any other form of assurance on the financial or other information presented herein. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of this Second Report.
- 19. Unless otherwise stated, all monetary amounts contained in this Second Report are expressed in Canadian dollars.

ACTIVITIES OF THE RECEIVER

- 20. Since the Date of Receivership, the Receiver has undertaken the following activities with respect to the Companies and their Property:
 - a. marketed JBT and HTL's fleet assets, inventory and other property for sale (the "**Equipment**");

- b. obtained and analyzed liquidation proposals and outright purchase offers received from seven (7) parties interested in purchasing the Equipment;
- c. engaged in discussions with legal counsel and other stakeholders in respect of the offers received in respect of the Equipment;
- d. negotiated the McDougall Sale Agreement with the Purchaser;
- e. listed the real estate located at 425 Melair for sale with a listing broker;
- f. released vehicles to various equipment financiers who had validly perfected security registered against certain trucks and trailers;
- g. engaged in discussions with customers with outstanding receivable balances and issued demand letters as appropriate;
- h. engaged in discussions with various creditors and carriers who requested information regarding broker trust payments;
- i. contacted Canada Revenue Agency (“**CRA**”) to set up a new Harmonized Sales Tax (“**HST**”) account in the name of the Receiver, as well as arranged for and facilitated a trust examination of the Companies’ HST and payroll source deductions accounts;
- j. engaged three (3) of the former employees (“**Former Employees**”) to assist with securing the Companies’ assets, receivable collections, analyzing broker payables, preparing records of employment, etc.;
- k. administered the claims of Former Employees pursuant to the Wage Earner Protection Program Act (“**WEPPA**”);
- l. coordinated the completion of records of employment for the Former Employees;
- m. obtained an insurance policy over the Companies’ Property;
- n. with the assistance of the Former Employees, update the broker payable analysis; and
- o. prepared, reviewed, and finalized this Second Report.

LIQUIDATION PROPOSALS

21. The Receiver contacted seven (7) liquidators and equipment resellers (the “**Liquidators**”) and requested liquidation proposals for the Equipment. The Equipment is comprised predominately of

tractors, trailers, pickup trucks, tire inventory, parts inventory, repair equipment furniture, computers and various miscellaneous items. The Receiver contacted Liquidators as going concern sales were not contemplated given the Companies had previously ceased operations and customers had switched carriers given the CCAA and Receivership Proceeding. Given the nature of the Equipment, Liquidators are best suited to maximize the value of the Equipment and widely expose them for sale.

22. The Receiver provided each liquidator and equipment reseller with the Equipment listing and requested that each party submit proposals which would include: i) a liquidation proposal including a net minimum guarantee (“**NMG**”); ii) an outright purchase offer; and iii) a straight commission proposal with no NMG.
23. Each of the Liquidators visited the premises and inspected the Equipment.
24. Seven (7) liquidation proposals were received. All liquidation proposals were reviewed and clarification sought as necessary.
25. The Receiver considered the outright purchase submitted by McDougall Auctions to be the best offer received. A copy of the McDougall Sale Agreement is attached here to as **Appendix “D”**. The unredacted APA is attached as **Confidential Appendix “A”**.
26. The salient terms of the McDougall Sale Agreement are as follows (all capitalized terms not otherwise defined shall have the meanings ascribed to them in the **McDougall Sale Agreement**):
 - a. Purchased Assets: as per the listing attached as Appendix “C” to the APA;
 - b. Excluded Assets: any asset not appearing on Appendix “C” to the APA;
 - c. Deposit: 15% of the purchase price;
 - d. Purchase Price: to be paid within 3 days of the Approval and Vesting Order being issued;
 - e. Closing Date: ten (10) Business Days following the Approval and Vesting Order becoming a final order;
 - f. As Is, Where Is: the Equipment is sold on an “as is, where is” basis;
 - g. Approval and Vesting Order: Conveyance of title to occur pursuant to Approval and Vesting Order, vesting title free and clear of all encumbrances;
 - h. Free Occupancy Period: the purchaser is entitled to unrestricted use of the Melair

premises (“**Premises**”) for a total of seventy-five days (75) to allow the Purchaser to conduct an auction from the Premises;

- i. Indemnity: the Purchaser agrees to leave the Premises in the same condition as it was prior to the removal of the Purchased Assets.

BASIS FOR RECEIVER’S RECOMMENDATION

27. The Receiver is satisfied that the sale process in respect of the Equipment was conducted in a commercially reasonable manner, which provided for a sufficient and fair opportunity for interested parties to participate in the process, and maximized recovery for the creditors as follows:
 - a. the Equipment was inspected by, and proposals received from seven (7) parties. The liquidators and equipment resellers who viewed and made offers on the Equipment are large reputable liquidators experienced in liquidating trucks and trailers. These parties included McDougall Auctions, Ritchie Bros., Corporate Assets, Hilco and Infinity Asset Solutions.
 - b. Parties who contacted the Receiver with an interest to view or submit an offer for the Equipment were given an opportunity to do so;
 - c. the marketing efforts for the Equipment were sufficient and appropriate to attract the interest of prospective buyers and liquidators, based on the nature of the Equipment; and
 - d. TD Bank, the first ranking secured creditor over the Equipment, was consulted during the marketing of the Equipment, and were consulted regarding the offers.

28. The Receiver recommends the approval of the McDougall Transaction as:
 - a. the Receiver is satisfied that the McDougall Transaction in respect of the Equipment was conducted in a commercially reasonable manner with sufficient market participants canvased and provided a sufficient and fair opportunity to participate in the process;
 - b. the purchase price for the Equipment is superior to the second highest outright purchase received and all of the NMG received;
 - c. the outright purchase offer from the Purchaser provides certainty of the purchase price and eliminates the requirement for the Receiver to continue to pay for insurance and security to protect the Equipment immediately upon receipt of the purchase price. In an auction scenario, the Receiver would be responsible for these costs until all of the equipment was sold;
 - d. TD Bank is supportive of the McDougall Transaction; and

- e. there is no indication that further exposure to the market will result in an offer superior to the Purchaser's offer.
29. A summary of the proposals received is attached as **Confidential Appendix "B"** to the Confidential Supplement to this Second Report.
30. TD Bank, who supports the McDougall Transaction, is expected to suffer a shortfall for the direct indebtedness; however, based on the marketing efforts and offers received, it is unlikely an offer could be negotiated that would see TD Bank repaid in full.

LIENS REGISTERED ON THE EQUIPMENT

RSLAs

31. A large portion of the Equipment being sold pursuant to the McDougall Sale Agreement consists of trucks and trailers. As is typical for assets of this nature, it is possible that there are liens registered against the fleet assets pursuant to the *Personal Property Securities Act* ("**PPSA**") or the Repair and Storage Lien Act ("**RSLA**").
32. Attached as **Appendix "E"** is a summary of registrations pursuant to the PPSA as against JBT and HTL with respect to the vehicles subject to the McDougall Sale Agreement. All creditors with registrations as against JBT and HTL are being served with the Receiver's motion record.
33. Counsel to the Receiver advised that conducting individual a lien searches against each of the 169 vehicle VINs subject to the McDougall Sale Agreement, would be cost prohibitive. Accordingly, counsel advised and the Purchaser agreed that as the Purchaser identifies liens not disclosed through registrations as against JBT and HTL it will advise the Receiver who will communicate with the lien party to resolve the liens in an orderly manner, which would include payment in full of valid RSLA claims or settlement for an amount agreed to by the parties.

Sousa Convoy Ltd.

34. Counsel reviewed the documents rental agreements provided by Sousa Convoy Ltd. ("**Sousa**") in respect of 19 trailers (the "**Sousa Trailers**"). Receiver's counsel has determined that Sousa had not perfected its security interest as against the assets subject to rental agreements as Sousa failed to make a registration under in the PPSA as against JBT. The Receiver is currently in discussions with Sousa to resolve with respect to this matter.

INCREASING SALE LIMIT

35. The Receivership Order currently permits the Receiver to sell, convey, transfer, lease or assign the Property or any part thereof without the approval of this Honorable Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000.
36. The Receiver anticipates that following the closing of the McDougall Transaction certain remaining Property may be available for the Receiver to sell such as passenger vehicles and trailers which the Receiver would like to sell without the requirement to return to court should the sale amounts exceed the amounts noted above.
37. Accordingly, the Receiver respectfully requests that the dollar threshold be increased to \$200,000 for any single transaction and the aggregate of all such transactions does not exceed \$400,000.

LITIGATION WITH TRADEMARK

38. Prior to the Receivership, Trademark commenced an action against Melair and Waydom in respect of dispute over work performed by Trademark at the Melair and Guthrie properties (Guthrie was previously owned by Waydom and was sold prior to the commencement of the receivership), both locate in Ayr, Ontario. Trademark registered construction liens as against each of these properties.
39. JBT arranged for a lien bond in the maximum sum of \$430,038.13 to be issued by The Insurance Company of Prince Edward Island ("ICPEI") which bond was posted to the credit of the Trademark lien auction under the provisions of the *Construction Act* in court and the subject liens were vacated.
40. The Receiver is working with counsel to Trademark with respect to Trademark's motion to lift the stay under the Amended and Restated Receivership Order with respect to the Trademark action.
41. The Receiver is in discussions with ICPEI with respect to the status of the receivership and with respect of the lien bond.

RECEIVER'S AND ITS COUNSEL'S PROFESSIONAL FEES

42. The Receiver seeks approval of its fees and disbursements and those of its legal counsel, HP LLP. The Receiver has maintained separate accounts for each of the entities in the JBT Group.

43. The Receiver's professional fees incurred for services rendered from March 17, 2025, to June 30, 2025, amount to \$357,849.50 plus disbursements in the amount of \$11,517.24 (exclusive of applicable taxes) as summarized below:

Entity	Fees	Disbursements	Tax	Total
JBT Transport Inc.	\$283,773.00	\$9,753.06	\$38,158.39	\$331,684.45
Heritage Truck Lines	\$50,711.50	\$1,578.00	\$6,797.64	\$59,087.14
Heritage Warehousing & Distributing Inc.	\$16,547.50	\$44.50	\$2,156.96	\$18,748.96
Melair Management Inc.	\$6,817.50	\$141.68	\$904.69	\$7,863.87
Total	\$357,849.50	\$11,517.24	\$48,017.68	\$417,384.40

44. The time spent by the Receiver's professionals is detailed in the Affidavit of Josie Parisi, sworn July 15, 2025, attached hereto as **Appendix "F"**. The Receiver is requesting that the Court approve its total fees and disbursements, exclusive of applicable taxes, in the amount of \$417,384.40.
45. HP LLP has acted as counsel to the Receiver since its appointment. HP LLP's fees for the period from [redacted], 2025, to [redacted], 2025, total \$[redacted], plus disbursements in amount of \$[redacted] and applicable HST. The fees and disbursements of HP LL are more particularly described in the Affidavit of Victoria Adams sworn July __[redacted], 2025, attached hereto as **Appendix "G"**.
46. In the Receiver's view the professional fees are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Receivership Order.

CCAA PROFESSIONAL FEES

47. The CCAA Professionals are seeking approval of their fees and disbursements. Pursuant to the Receivership Order, the Court approved the administrative charge to include the unpaid professional fees of the CCAA-Professionals incurred prior to the granting of the Receivership Order. Such charge ranks pari passu with the Receiver's administrative charge, is limited to \$75,000 of unpaid fees incurred prior to the granting of the Receivership Order and is subject to customary review and taxation by the Court.

48. The Professional fees of DLI for services rendered from January 20, 2025 to March 3, 2025 amount to \$86,984.50 plus disbursements in the amount of \$2,584.28 (exclusive of applicable taxes). The time spent by DLI's professionals is detailed in the Affidavit of Rahn Dodick, sworn July 15, 2025, attached hereto as **Appendix "H"**. DLI has been paid a portion of its fees with \$32,975.23 remaining unpaid.
49. The Professional fees of Loopstra Nixon LLP ("**Loopstra**"), counsel to DLI, for services rendered from February 3, 2025 to March 6, 2025 amount to \$27,518.00 (exclusive of applicable taxes). The time spent by Loopstra's professionals is detailed in the Affidavit of R. Graham Pheonix, sworn July 15, 2025, attached hereto as **Appendix "I"**. Loopstra has been paid a portion of its professional fees with \$20,069.37 remaining unpaid.

SEALING ORDER

50. The Confidential Supplement and Confidential Appendices to this Second Report contain commercially sensitive information, including the purchase price and deposit details set out in the APA, and the salient details of the offer submitted by various other parties. If this information is publicly disclosed, it could negatively affect the Receiver's ability to market the Equipment to other interested parties and obtain the highest and best price if the McDougall Transaction does not close. Accordingly, the Receiver requests an order that the Confidential Supplement and the Confidential Appendices be sealed until the closing of the McDougall transaction or further order of this Honourable Court.

CONCLUSION

51. Based on the foregoing, the Receiver recommends and respectfully requests that this Honourable Court make the Orders as requested in paragraph 16 (b) and (c) above.

All of which is respectfully submitted this 16th day of July, 2025

BDO CANADA LIMITED
in its capacity as Court-Appointed Receiver
of the JBT Group and without personal
or corporate liability



Name: Josie Parisi, CPA, CA, CBV, CIRP, LIT
Title: Senior Vice President