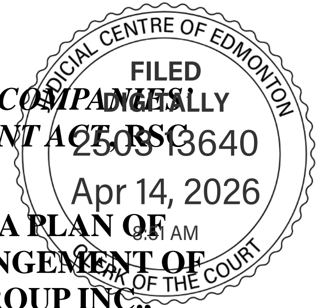
COURT FILE NUMBER	2503-13640
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
MATTER	**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c. C-36, as amended** **AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF COAST AUTOMOTIVE GROUP INC., COAST NORTH VANCOUVER AUTO SALES INC., COAST AUTO DRAYTON INC., AND 2461765 ALBERTA LTD.**
DOCUMENT	FIFTH REPORT OF BDO CANADA, IN ITS CAPACITY AS COURT-APPOINTED MONITOR OF COAST AUTOMOTIVE GROUP INC., COAST NORTH VANCOUVER AUTO SALES INC., COAST AUTO DRAYTON INC., AND 2461765 ALBERTA LTD.
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** BDO Canada Limited 20 Wellington E, Suite 500 Toronto, Ontario M5E 1C5 Attention: Clark Lonergan Telephone: (416) 865-0210 Fax: (416) 865-0904 Email: Clonergan@bdo.ca **COUNSEL** BLAKE, CASSELS & GRAYDON LLP 3500, 855 2nd Street SW Calgary, Alberta T2P 4J8 Attention: Kelly Bourassa / Aryo Shalviri Telephone: (403) 260-9697 / (416) 863-2962 Email: kelly.bourassa@blakes.com / aryo.shalviri@blakes.com



FIFTH REPORT OF THE MONITOR
BDO CANADA LIMITED
April 13, 2026

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INTRODUCTION

1. On July 16, 2025, upon application (the "**CCAA Application**") by the Bank of Montreal ("**BMO**") in its capacity as senior secured lender to Coast North Vancouver Auto Sales Inc. ("**Coast North Van**"), Coast Auto Drayton Inc. ("**Coast Drayton Valley**"), and 2461765 Alberta Ltd. ("**246**"), the Honourable Justice M.E. Burns of the Court of King's Bench of Alberta (the "**Court**") issued an order (the "**Initial Order**") granting protection to Coast North Van, Coast Drayton Valley, 246 and Coast Automotive Group Inc. ("**Coast Automotive**" and together with Coast North Van, Coast Drayton Valley, and 246, the "**Coast Auto Group**", or the "**Company**") from their creditors under the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the "**CCAA**", and the proceedings in relation to the Company, the "**CCAA Proceedings**"). Pursuant to the Initial Order, BDO Canada Limited ("**BDO**") was appointed as monitor of the Company (in such capacity, the "**Monitor**"). The CCAA Application was brought on notice to the Coast Auto Group and the transcript of the July 16, 2025 hearing at which the Initial Order was granted is attached hereto as **Appendix "A".**

2. Among other things, pursuant to the Initial Order, the Court granted:

    a. an initial stay of proceedings in favour of the Company until and including July 26, 2025, to stabilize the Company's operations and permit the Monitor to devise a Court-supervised sale and investment solicitation process with a view to ultimately preserving the business as a going concern and maximizing value;

    b. a charge over the Company's assets to stand as security for payment by the Company of the professional fees and disbursements of BMO's legal counsel, the Monitor, and legal counsel to the Monitor, in an aggregate amount not to exceed $275,000 (the "**Administration Charge**");

    c. approval of an interim financing term sheet dated July 16, 2025 (the "**Interim Financing Term Sheet**") providing for borrowings up to $350,000, plus interest, costs and fees and an interim lender's charge (the

“**Interim Lender’s Charge**”) to secure all obligations under the Interim Financing Term Sheet; and

d. expanded powers of the Monitor in the CCAA Proceedings.

3. In connection with the Initial Order application, BDO, as proposed monitor, prepared a pre-filing report dated July 8, 2025 (the “**Pre-Filing Report**”) to provide information to the Court for its consideration in respect of the BMO’s CCAA Application.

4. On July 25, 2025, the Initial Order was amended and restated (the “**ARIO**”). The ARIO, among other things:

a. extended the initial stay of proceedings until and including October 19, 2025 (the “**Stay Period**”);

b. approved an increase to the Administration Charge up to the maximum amount of $600,000;

c. approved an increase to the borrowings under the Interim Financing Term Sheet and the Interim Lender’s Charge up to the maximum amount of $2.5 million (plus interest, costs, and fees);

d. granted a charge in favour of Dealer Solutions North America, Inc., as sales agent (in such capacity, the “**Sales Agent**”) up to the maximum amount of $350,000;

e. granted a charge in favour of the directors and officers of the Company as security for the Company’s obligation to indemnify the directors and officers for any liabilities they may incur in such capacity from and after the commencement of the CCAA Proceedings, up to the maximum amount of $250,000;

f. approved the key employee retention plan (“**KERP**”) and granted a charge in favour of certain key personnel of the Company to secure the Company’s obligations under the KERP, up to the maximum amount of $125,000;

g. authorized the Company, with the consent of BMO, to make payments on account of goods and services supplied to them prior to the date of the Initial Order, provided that (a) in the view of the Monitor, such supplier or service provider is critical to the business of the Coast Auto Group, and (b) such payments do not, in the aggregate, exceed $50,000; and

h. further expanded the powers of the Monitor in the CCAA Proceedings.

5. On the same day, the Court also granted an Order (the "**SISP Order**") approving and authorizing the Monitor and the Sales Agent to conduct a sale and investment solicitation process for the marketing and sale of the equity of the Company and/or the Company's business and assets, including two dealerships comprised of: (1) a franchised Chrysler, Dodge, Jeep, and RAM ("**Stellantis**") dealership located in North Vancouver, British Columbia, and (2) a franchised Stellantis dealership located in Drayton Valley, Alberta, and certain ancillary and related relief.

6. In connection with the ARIO and SISP Order application, the Monitor filed its first report on July 21, 2025 (the "**First Report**").

7. The Coast Auto Group was represented by counsel at the hearing for the ARIO and the approval of the SISP Order and did not oppose the relief sought. No appeal has been sought in connection with the ARIO or SISP Order. The transcript of the July 25, 2025 hearing at which the ARIO and SISP Order was granted is attached hereto as **Appendix "B".**

8. On October 16, 2025, the Court granted, among other things, the following orders:

a. an order (the "**Drayton Valley AVO**") which, among other things, approved a purchase and sale agreement between Coast Drayton Valley and 246 as vendors and Stetson CDJR Ltd. and Stetson CDJR Properties Ltd. as purchasers dated as of October 7, 2025, and the transactions contemplated therein (the "**Drayton Valley Transaction**");

b. an order (the "**North Van AVO**", together with the Drayton Valley AVO the "**Approval and Vesting Orders**") which, among other things, approved a purchase and sale agreement between Coast North Van as vendor and

1559054 B.C. Limited as purchaser dated as of October 6, 2025, and the transactions contemplated therein (the "**North Van Transaction**", and together with the Drayton Valley Transaction, the **"Transactions"**);

c. an ancillary relief order, among other things:

   i. extending the Stay Period up to and including December 12, 2025;

   ii. approving the fees of the Monitor for the period from July 1, 2025 to September 26, 2025 and the fees of its legal counsel, Blake, Cassels & Graydon LLP (the "**Monitor's Counsel**") for the period from July 1, 2025 to August 31, 2025; and

   iii. adjourning *sine die*, the approval of the Pre-Filing Report, the First Report, and the Second Report, and the actions, conduct, and activities of the Monitor set out therein.

9. In connection with the application to approve the Transactions and various ancillary relief returnable October 16, 2025, the Monitor filed its second report on October 8, 2025 (the "**Second Report**").

10. The Monitor was informed of a request by the Coast Auto Group, Sundeep Cheema, Deepak Parmar, Harjot Randhawa and Deerfoot Atria Partners Ltd. (the "**Cross-Applicants**") to adjourn the relief sought at the October 16, 2025 hearing immediately prior to the hearing. The Coast Auto Group was represented by counsel at the hearing for the Approval and Vesting Orders and did not oppose approval of the Transactions. The Coast Auto Group has not sought to appeal the Drayton Valley AVO or the North Van AVO and both Transactions have closed.

11. On November 28, 2025, the Cross-Applicants filed a statement of claim (the "**Founder Claim**") making certain allegations against BMO, as defendant, including, among other things, breach of contract, breach of duty, misrepresentation, defamation, improvident realization and constructive trust. The Founder Claim does not challenge the validity, enforceability or quantum of the

loans provided by BMO to the Coast Auto Group. Neither the Monitor, nor BDO, is a party to the Founder Claim.

12. On December 3, 2025, the Monitor filed its third report (the "**Third Report**") and brought an application returnable December 9, 2025 (the "**Monitor's Application**") seeking an order (the "**CCAA Termination Order**"):

    a. extending the Stay Period from December 12, 2025, until and including January 30, 2026;

    b. terminating the CCAA Proceedings upon the filing of a certificate (the "**CCAA Termination Certificate**") by the Monitor;

    c. terminating the Administration Charge, Interim Lender's Charge, Sales Agent Charge, D&O Charge and KERP Charge, all as defined in and created pursuant to the ARIO upon filing of the CCAA Termination Certificate;

    d. discharging the Monitor and granting certain releases in favour of the Monitor and its counsel effective upon filing of the CCAA Termination Certificate;

    e. authorizing each of the Coast Auto Group entities to file an assignment in bankruptcy under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), prior to or following the termination of the CCAA Proceedings and authorizing the Monitor to take all steps necessary to make the assignments in bankruptcy, including transferring amounts from the Bankruptcy Reserve to the Trustee to fund the BIA proceedings and authorizing BDO to act as Licensed Insolvency Trustee of the Coast Auto Group entities' estates in BIA proceedings (the "**Bankruptcy Relief**");

    f. authorizing the Monitor to make distributions of any remaining funds less the Bankruptcy Reserve to BMO in its capacity as both Interim Lender and senior secured lender;

    g. approving the fees of the Monitor for the period from September 27, 2025 to November 28, 2025 and the fees of the Monitor's Counsel for the period from September 1, 2025 to November 21, 2025;

h. approving the Pre-Filing Report, First Report, Second Report, Third Report, and the actions, conduct and activities of the Monitor set out therein; and

i. such further and other relief as the Court may deem just and equitable.

13. On December 9, 2025, the Cross-Applicants brought a cross-application (the "**Cross-Application**") seeking certain relief, including an adjournment of the Monitor's Application.

14. On December 9, 2025, the Court granted an Order extending the Stay Period to February 27, 2026, approving a final distribution to BMO, adjourning the balance of the relief sought in the Monitor's Application and Cross-Application to February 18, 2026 and setting out a litigation timetable (the "**Litigation Timetable**") in connection with the remainder of the relief sought in the Monitor's Application and the Cross-Application.

15. Pursuant to the Litigation Timetable, on January 8, 2026, the Cross-Applicants delivered written interrogatories to the Monitor which were stated to be in respect of the Third Report. In accordance with the Litigation Timetable, the Monitor's response to the interrogatories was delivered on January 15, 2026.

16. The Litigation Timetable also contemplated questioning on the Affidavit of Joe Randhawa sworn December 8, 2025 and the Fee Affidavit of Clark Lonergan sworn December 2, 2025 (the "**Second Fee Affidavit**"). Such questioning took place on January 22 and 23, 2026.

17. In connection with matters raised in the course of such questioning and pursuant to the Litigation Timetable, the Monitor filed a supplement to the Third Report on January 28, 2026 (the "**First Supplement**").

18. On February 4, 2026 the Coast Auto Group, Sundeep Cheema and Deepak Parmar[1] (the "**Urgent Applicants**") brought an urgent application (the "**Urgent Application**") for an order (i) compelling the oral examination of Paul Clark Lonergan, a corporate representative of BDO Canada Limited, in its capacity as court-appointed Monitor of the Coast Auto Group on the Third Report, or, in the

[1] The Urgent Application did not name Harjot Randhawa and Deerfoot Atria Partners Ltd. as applicants.

alternative, compelling the Monitor to provide answers to certain questions by way of affidavit, (ii) ordering the re-attendance for cross examination of Mr. Lonergan, as a representative of the Monitor, concerning the Second Fee Affidavit, and (iii) varying the Litigation Timetable such that the filing of briefs and the full day hearing be adjourned *sine die* and that the Urgent Application be heard during the full day hearing scheduled for February 18, 2026.

19. On February 6, 2026, BMO brought an application for an order, among other things, directing the Founders to post security for costs (the "**Security for Costs Application**").

20. On February 6, 2026, the Court granted an Order (i) varying the Litigation Timetable, (ii) adjourning the Monitor's Application and Cross-Application to a date to be set by the Court, (iii) setting dates and deadlines for the service of materials in relation to the Urgent Application, and (iv) scheduling the balance of the Urgent Application and Security for Costs Application which was heard on February 18, 2026. The transcript of proceedings held February 18, 2026 is attached hereto as **Appendix "C"**.

21. Concurrently with the Urgent Application and the Security for Costs Application, the Court heard an application by the Monitor to extend the Stay Period to and including March 27, 2026. The extension was required as the Monitor was not in a position to terminate the CCAA Proceedings before the expiry of the Stay Period. An Order extending the Stay Period was granted by the Court on February 18, 2026.

22. The Monitor filed the second supplement to the Third Report (the "**Second Supplement**") on February 13, 2026 in support of the Stay Period extension application.

23. On March 10, 2026, the Court released its decision on the Urgent Application and Security for Costs Application (the "**Dismissal Decision**") dismissing the Urgent Application in its entirety and allowing the Security for Costs Application in the amount of $100,000, to be posted by March 24, 2026.

24. The Court reserved April 17, 2026 for a full-day hearing of the Monitor's Application and the Cross-Application.

25. The Monitor filed its fourth report (the "**Fourth Report**") on March 16, 2026 in support of an application to further extend the Stay Period to April 19, 2026 in light of the April 17, 2026 return date of the Monitor's Application and Cross-Application.

26. The previous reports and other Court materials in connection with the CCAA Proceedings are available on the Monitor's website at https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/coast-automotive-group (the "**Monitor's Website**").

27. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the previous reports.

PURPOSE

28. The purpose of this Fifth Report, which should be read in conjunction with the Third Report, is to provide information to the Court with respect to:

    a. the activities of the Monitor since the date of the Fourth Report;

    b. the current status of the CCAA Proceedings and ongoing litigation matters;

    c. an overview of the Company's updated 15-week consolidated cash flow forecast (the "**Sixth Revised Cash Flow Forecast**") for the period of April 20, 2026 to August 2, 2026 (the "**Sixth Revised Cash Flow Period**");

    d. the Monitor's comments and recommendations with respect to the Monitor's Application returnable April 17, 2026 seeking an Order (the "**Amended CCAA Termination Order**"):

        i. extending the Stay Period from April 19, 2026 until the earlier of July 31, 2026 and the filing of the CCAA Termination Certificate;

        ii. terminating the CCAA Proceedings upon the filing of the CCAA Termination Certificate by the Monitor;

iii. terminating the Administration Charge, Interim Lender's Charge, Sales Agent Charge, D&O Charge and KERP Charge, all as defined in and created pursuant to the ARIO upon filing of the CCAA Termination Certificate;

iv. discharging the Monitor and granting certain releases in favour of the Monitor, and its counsel effective upon filing of the CCAA Termination Certificate;

v. declaring that pursuant to subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act* (Canada), S.C. 2005, c. 47, s. 1 ("**WEPPA**"), each of Coast North Van and Coast Drayton Valley and their employees whose employment has been terminated in these proceedings meet the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations,* SOR/2008-222, and each of the former employees of Coast North Van and Coast Drayton Valley that have been terminated during the pendency of these proceedings are individuals to whom the WEPPA applies as of their respective termination dates;

vi. approving the fees of the Monitor and of the Monitor's Counsel;

vii. approving the Pre-Filing Report, First Report, Second Report, Third Report, First Supplement, Second Supplement, Fourth Report, Fifth Report, and the actions, conduct and activities of the Monitor set out therein;

viii. dismissing the Cross-Application; and

ix. such further and other relief as the court may deem just and equitable.

TERMS OF REFERENCE

29. In preparing this Fifth Report, the Monitor has relied on certain unaudited financial information and the Company's books and records (collectively, the "**Information**").

30. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information in such a manner that would wholly or partially comply with standards as set out in the *Chartered Professional Accountants Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such Information.

31. Some of the information referenced in this Fifth Report relates to weekly cash flow forecasts, projections, and related assumptions. An examination or review of cash flow forecasts, projections, and related assumptions as outlined in the CPA Handbook has not been performed. The Monitor has not performed an examination or review of these forecasts, projections, or assumptions in accordance with the standards outlined in the CPA Handbook.

32. The Sixth Revised Cash Flow Forecast, representing future oriented financial information, is based on Management's assumptions regarding future events. Actual results will vary from the Sixth Revised Cash Flow Forecast, and such variations may be material.

33. All monetary amounts contained herein are expressed in Canadian dollars.

34. Capitalized terms not otherwise defined herein have the meanings given to them in the Third Report.

UPDATE SINCE THE FOURTH REPORT

35. On March 13, 2026, the Monitor's counsel sent a "with prejudice" letter to the Cross-Applicants' counsel proposing that they consent to the Monitor seeking, on the return of the Monitor's Application, the Amended CCAA Termination Order.[2]

36. The Amended CCAA Termination Order was similar to the original CCAA Termination Order sought in the Monitor's Application, but replaced the Bankruptcy Relief with a declaration of eligibility under WEPPA and dispensed with the Cross-Application and the requirement for the Non-CCAA Parties to post security for costs.

37. The Monitor did not receive a substantive response to this offer. In light of the concerns raised by the Cross-Applicants at the February 18, 2026 hearing that a bankruptcy would prevent them from pursuing the Founder Claim (and notwithstanding the fact that the Monitor does not agree with this position), the Monitor has withdrawn its request for the Bankruptcy Relief and is seeking a WEPPA declaration instead.

38. On March 23, 2026, the Court granted an Order on application by the Monitor to extend the Stay Period to and including April 19, 2026 and directed a timeline for the delivery of materials relating to the Monitor's Application and the Cross-Application. Counsel to the Cross-Applicants was present at this hearing, consented to the application to extend the Stay Period and made submissions in respect of the timeline for delivery of materials, but did not raise any prospect of an appeal.[3]

39. On March 24, 2026, the Urgent Applicants filed an application for permission to appeal the Dismissal Decision at the Alberta Court of Appeal (the "**Leave Application**"). The hearing in respect of the Leave Application is scheduled for April 15, 2026.

---

[2] See: Exhibit "A" to the Secretarial Affidavit sworn April 1, 2026, Monitor's Compendium of Documents dated April 17, 2026 at Tab 28 (the "**Compendium**").
[3] See: Transcript of proceedings held March 23, 2026, Compendium at Tab 23.

STAY PERIOD EXTENSION AND SIXTH REVISED CASH FLOW FORECAST

40. As set out above, the Stay Period currently expires on April 19, 2026. The termination of the CCAA Proceedings has been delayed by ongoing litigation matters, including the resolution of the Monitor's Application, Cross-Application and Leave Application. The Monitor will not be in a position to terminate the CCAA proceedings before the expiry of the current Stay Period and further extension of the Stay Period is required. Furthermore, if the CCAA Termination Order requested in the Monitor's Application is not granted by April 19, 2026 or if the Leave Application is granted, the Monitor will be unable to terminate these CCAA Proceedings prior to the current expiration of the Stay Period. To avoid the need to return to this Court for additional stay extensions, the Monitor is requesting an extension of the Stay Period to the earlier of July 31, 2026 and filing of the CCAA Termination Certificate.

41. The Sixth Revised Cash Flow Forecast has been prepared for the Sixth Revised Cash Flow Period, projecting the Company's estimated liquidity needs during the Sixth Revised Cash Flow Period. The Sixth Revised Cash Flow Forecast does not provide for sufficient liquidity if there is extensive litigation following the Monitor's Application or if the Monitor's Application is delayed further. A copy of the Sixth Revised Cash Flow Forecast is attached hereto as **Appendix "D"**.

42. The Sixth Revised Cash Flow Forecast is presented on a weekly basis and represents the Monitor's estimates of the projected cash flow during the Sixth Revised Cash Flow Period. The Sixth Revised Cash Flow Forecast has been prepared by the Monitor in consultation with former management (the "**Management**") of the Company, using probable and hypothetical assumptions (the "**Assumptions**") as set out in the notes to the Sixth Revised Cash Flow Forecast.

43. The Monitor has reviewed the Sixth Revised Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. In accordance with this standard, the Monitor conducted inquiries, performed analytical procedures, held discussions, and read documents related to the

Information. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:

a. the Assumptions are not consistent with the purpose of the Sixth Revised Cash Flow Forecast;

b. as at the date of this Fifth Report, the Assumptions are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Sixth Revised Cash Flow Forecast, given the probable and hypothetical assumptions; or

c. the Sixth Revised Cash Flow Forecast does not reflect the Assumptions.

44. The Monitor notes that the Sixth Revised Cash Flow Forecast has been prepared solely for the purpose described above and since the Sixth Revised Cash Flow Forecast is based on Assumptions regarding future events, actual results will vary from the information presented even if the Assumptions occur, and the variations could be material. Readers are cautioned that it may not be appropriate for other purposes.

45. The Monitor is of the view that the requested extension of the of the Stay Period is appropriate including because (a) the Monitor is unable to terminate the CCAA proceedings before the current expiry of the Stay Period, (b) the Sixth Revised Cash Flow Forecast demonstrates that sufficient funds are available to satisfy remaining operating expenses, professional fees and disbursements; and (c) the Company, under the supervision of the Monitor and through the exercise of the Monitor's expanded powers under the ARIO, has acted, and is acting, in good faith and with due diligence.

46. The Sixth Revised Cash Flow Forecast shows that during the Sixth Revised Cash Flow Period, if the CCAA proceedings cannot be terminated at an earlier date, the Company will have a closing cash balance of approximately $75,119. This assumes that the costs of the Monitor's Application, Cross-Application, Leave Application and steps associated therewith remain below the reserve taken by the Monitor in connection with such costs and that there are no further appeals or delays to

terminating the CCAA Proceedings. The cumulative net cash outflow during the Sixth Revised Cash Flow Period is anticipated to be approximately $190,000, which funds will be expended almost solely in connection with the costs associated with the Monitor's Application, Cross-Application and Leave Application. If the costs of the Monitor's Application, Cross-Application and Leave Application exceed the reserve taken by the Monitor in connection therewith, or if these proceedings extend beyond the Sixth Revised Cash Flow Period, the Monitor may be required to seek advice and direction from the Court relating to its ongoing mandate as court-officer.

CONCLUSION

47. For the reasons set out above, the Monitor is of the view that the requested extension of the Stay Period is reasonable and respectfully recommends that the relief sought by the Monitor be granted.

All of which is respectfully submitted this 13th day of April 2026.

BDO Canada Limited
In its capacity as the Monitor of Coast Automotive Group Inc.,
Coast North Vancouver Auto Sales Inc., Coast Auto Drayton Inc.,
and 2461765 Alberta Ltd. and not in its personal or corporate capacity.

Per: ______________________________
Clark Lonergan, CA, CPA, CIRP, LIT
Partner/Senior Vice President

Appendix “A”

Transcript of the July 16, 2025 proceedings

Action No.: 2503-13640
E-File Name: EVK25COAST
Appeal No.:———————————

IN THE COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE OF EDMONTON

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, RSC 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF COAST AUTOMOTIVE GROUP INC.,
COAST NORTH VANCOUVER AUTO SALES INC.,
COAST AUTO DRAYTON INC. and 2461765 ALBERTA LTD.

P R O C E E D I N G S

Edmonton, Alberta
July 16, 2025

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1 Proceedings taken in the Court of King's Bench of Alberta, Courthouse, Edmonton, Alberta
2
3 July 16, 2025 Morning Session
4
5 The Honourable Justice M.E. Burns Court of King's Bench of Alberta
6
7 (No appearance) For Coast Automotive Group
8 J.W. Reid (remote appearance) For Bank of Montreal
9 M. Faheim (remote appearance) For Bank of Montreal
10 K. Bourassa (remote appearance) For BDO Canada Limited
11 A. Shalviri (remote appearance) For BDO Canada Limited
12 K. Fellowes, KC (remote appearance) For Foundation Auto
13 S. Singh Court Clerk
14
15
16 THE COURT: Good morning. For the record and those who
17 may not know, I am Justice Burns, and we are here on the Coast matter involving a *CCAA*
18 application. And, Mr. Reid, are you taking the lead on this?
19
20 MR. REID: Yes, today I will, Justice. Thank you.
21
22 THE COURT: Okay.
23
24 MR. REID: I'll start by making introductions.
25
26 THE COURT: Thank you.
27
28 MR. REID: James Reid, Miller Thomson, here on behalf of
29 the applicant, the Bank of Montreal, and I'm joined by my colleague, Monica Faheim. Kelly
30 Bourassa and Aryo Shalviri of the Blakes firm are here for the proposed monitor, BDO
31 Canada Limited. And their client, Clark Lonergan is here from the proposed monitor's
32 office. Ms. Karen Fellows, KC, of the Stikeman Firm is here for Foundation Auto, which
33 is one of the secured creditors of the Coast Auto businesses.
34
35 THE COURT: Okay.
36
37 MR. REID: Dylan Short is here for All Alberta, which is a
38 media company. Sherier Saeed (phonetic) is here from -- as a representative of BMO. He
39 is also the affiant from this application.
40
41 The only person who advised that they'd be attending today but that I don't see in

1 attendance, Justice, is Anthony Mersich of DLA Piper. He contacted me. He's representing
2 the respondent debtor companies, the Coast Automotive Group. He did advise that he
3 wanted to put some things on the record, Justice, but that he -- that overall they were
4 supportive of the transition of this application from the owners to the monitor. So hopefully
5 he will join us before the -- before the end of the hearing.
6
7 THE COURT: All right.
8
9 **Submissions by Mr. Reid**
10
11 MR. REID: With respect to the materials, hopefully you
12 received everything. Last Wednesday, July 9th, we delivered unfiled materials to your
13 office, which included an originating application returnable today with a proposed form of
14 initial order, at schedule A; the affidavit of Sherier Saeed sworn July 9th; as well as a black
15 outline of the initial order we're seeking as against the Alberta template model order. And
16 then this Monday, July 14th, we delivered a brief of law, book of authorities, and an
17 affidavit of service. And from Ms. Bourassa's office, last Thursday, July 10th, you would
18 have received a prefiling report of the proposed monitor.
19
20 THE COURT: Yes. I have all of that material. The pre -- the
21 monitor report, I didn't get a hard copy of. Everything else I have a hard copy of and read.
22
23 MR. REID: Okay. With respect to service, as mentioned,
24 there's an affidavit of service of (INDISCERNIBLE), which was sworn on July 14th. It has
25 been set for filing. That document, Justice, provides that filed an unfiled copies of the
26 originating application and affidavit were served on the service list last Wednesday, July
27 9th.
28
29 The service list for this matter is at Exhibit A to that document, and it consists of all known
30 secured creditors with registrations against the respondents at the personal property
31 registries of Alberta and BC. It includes the first mortgagee of a real property assets for a
32 company that's not part of this proceeding but we thought might be interested, because it's
33 referenced in our materials. That's the Deerfoot Atria property. We also included the
34 municipalities where the auto dealerships operate, the BC Department of Justice, as well
35 as the CRA. Not that we know that they are interested parties, but oftentimes, as you're
36 aware, they turn out to have an interest.
37
38 Although it's not in the affidavit of service, Justice, I can advise for the record that the
39 prefiling report was also served on the service list by Ms. Bourassa's office on July 10th,
40 and we served the brief on Monday, July 14th.
41

1 THE COURT: Okay.
2
3 MR. REID: Typically, we bring initial order applications ex
4 parte or partially ex parte, but in this case we did give a full week's notice to all known
5 potentially interested parties. Although originating applications require ten days' notice, we
6 are seeking an abridgement and a declaration that service is deemed good and sufficient.
7
8 THE COURT: All right.
9
10 MR. REID: Turning to the background on the Coast Auto
11 Group, this is discussed in our affidavit beginning at paragraph 18. Some quick highlights
12 include that the Coast Auto Group operates two full-service Stellantis Automotive
13 dealerships for Chrysler, Dodge, and Jeep vehicles.
14
15 Coast North Vancouver operates out of three leased premises in North Vancouver, being a
16 dealership showroom and two offsite storage facilities.
17
18 Coast Drayton Valley operates out of Drayton Valley, Alberta, and its operations include
19 a showroom and garage, and it operates out of the premises that were owned by the
20 (INDISCERNIBLE) the 246 Alberta company, which is a debtor in this proceeding.
21
22 The corporate structure of the group begins in the affidavit at paragraph 23. Coast Auto,
23 Coast Drayton, and 246 are each Alberta companies with head offices in Edmonton and
24 Drayton Valley, and Coast North Vancouver is a BC company with its head office in North
25 Vancouver. And corporate searches are at Exhibits 1 through 4 of the affidavit.
26
27 As discussed beginning at paragraph 30 of the affidavit and 18 of the prefiling report, the
28 Coast Auto Group has approximately 72 employees across two dealerships, 50 of which
29 are in the North Vancouver, and 22 are at the Drayton Valley location. The employees are
30 paid biweekly. As stated at paragraphs 95 through 97 of the affidavit, BMO has been
31 agreeing to fund necessary expenses of the Coast Auto Group to maintain the going
32 concern value of the business, and this included funding payroll last week. The group is
33 current on its payroll obligations at this time, and should the Court grant the relief sought
34 today and next Friday at the comeback hearing, BMO will continue to advance the
35 necessary funds to the Coast Group to meet its obligations in the ordinary course, including
36 payroll through interim financing.
37
38 BMO is the principal source of secured financing for the Coast Auto Group. The credit
39 facilities, security, and guarantees are discussed in quite a bit of detail at pages 7 through
40 13 of the affidavit, and the key documents are attached to the affidavit at Exhibits 5 through
41 38.

1
2 As set out at paragraph 39, Coast Auto Group owes BMO in excess of $36 million. In the
3 prefiling report at paragraph 51, the proposed monitor advises that its independent counsel,
4 Blakes, will conduct a security review should BMO be appointed as monitor, and BDO
5 intends to report on the results of that review in a report for the comeback hearing.
6
7 I'll advise, Justice, the comeback hearing is next Friday. Of course, the filing deadline for
8 a hearing next week was on Monday. We did file our application, but the proposed monitor
9 did request and was granted an extension by Justice Bourque to file by this Friday.
10
11 THE COURT: Okay.
12
13 MR. REID: With regard to the financial circumstances of the
14 Coast Group, this is discussed at 66. It's also discussed in the prefiling report in some detail
15 in section 4, beginning at paragraph 21. The owners of the Coast Group purchased the
16 business in June of 2023. The acquisition contemplated that the owners would inject $4
17 million in unsecured shareholder loans to support operations. However, only
18 approximately 2.5 million was injected, resulting in a funding shortfall from the outset.
19
20 The owners were not previous in the car dealership business and are not
21 (INDISCERNIBLE) the day-to-day operations of the business. As a result, the businesses
22 are largely run by individuals serving as professional -- in professional management
23 positions. This has led to operational challenges, but as discussed at paragraph 25(a)
24 through (f) of the prefiling report -- and these include that there's been significant
25 management turnover, including three general managers having turned over at the Coast
26 North Vancouver location alone, high labour costs, and underused employees, overstock
27 of vehicles resulting in aged inventory, increased storage costs, higher debt service costs,
28 and depressed liquidity, as well as a failed US venture which further strained the liquidity
29 of the business.
30
31 As set out at the affidavit beginning at paragraph 66, by November of 2023, the Coast
32 Group had been transferred to Bank of Montreal Special Accounts Group for breaching a
33 number of its financial covenants in its loan documents. This included significantly
34 exceeding its authorized overdraft limits.
35
36 Between November 23 and June of this year, BMO worked with the Coast Group to allow
37 it to attempt to restructure. This included giving the group time to inject much needed
38 capital into the business to get its operations on track. There were several attempts to find
39 the necessary equity capital, including a capital raise with a firm called Lux Capital Corp.
40 There was also an attempt to sell a commercial real estate property, that being the Deerfoot
41 Atria property that is described at paragraph 78, which would have seen proceeds injected

1 into the business. Unfortunately, none of these ventures panned out.
2
3 Last August, BDO was engaged by Coast as a financial advisor to assist with a review on
4 the business. BDO prepared a report which provided several recommendations for the
5 business, including inventory monetization and valuation plans. The report also
6 recommended a $50 million cash injection due to increased losses as well as rising
7 overdraft balances. As noted at paragraph 75 of the affidavit, Coast Auto did not implement
8 any of the recommendations from the report, and its operational issues continued.
9
10 Paragraphs 27(b) and 28 of the prefiling report, in my view, illustrate the concerns of BMO
11 and its position which led to the urgency of this application. Those paragraphs
12 (INDISCERNIBLE) 2024, so less than a year ago, the overdraft position was at $6.8
13 million. As at the beginning of June, that overdraft position had nearly doubled to
14 approximately $3.5 million (sic).
15
16 In September 2024, BMO issued its first default notices, which are at Exhibits 43 to 45 of
17 the affidavit. In January, BMO and the Coast Group entered into a forbearance agreement,
18 which is at Exhibit 47. Coast Auto defaulted on the forbearance terms, and a forbearance
19 default letter was issued in the beginning of March. A forbearance extension was entered
20 into in April, which extended the forbearance period to May. That forbearance extension
21 agreement included, as scheduled, the consent receivership order, consent redemption
22 order, and consent judgment. Those terms were also breached, and on April 22nd, BMO
23 through its counsel delivered demand letters and section 44 *BIA* notices, and those
24 documents are Exhibits 50 through 53 of the affidavit.
25
26 In April, after issuing an advance, BMO required Coast to immediately initiate an informal
27 management-led sales process for the businesses to identity a going concern purchaser or
28 purchasers. Sales advisory firms were introduced to management. However, none were
29 engaged by management until we understand earlier this month, but by that time we had
30 advised the Coast Group that we would be seeking a monitor to oversee the business and
31 run a sales process.
32
33 As set out at paragraph 95 of the affidavit, this month Coast sought a $500,000 advance to
34 meet its payroll and critical operating expenses, as there's no more availability in the
35 overdraft credit that BMO was willing to extend. However, BMO has continued to fund
36 necessary expenses, but all expense payments require BMO's preapproval.
37
38 The Coast Group is in severe financial distress, and BMO is only going to provide further
39 credit through interim financing in a creditor-driven *CCAA*, with the oversight of the
40 monitor to run a going-concern sales process. As noted at paragraph 63 of the prefiling
41 report, BDO is of the view that using the *CCAA* to run a going-concern sales process will

1 preserve value in the businesses and be beneficial to stakeholders, including BMO
2 employees and other stakeholders.
3
4 Turning to the relief we're seeking, Justice -- apologies for the delay. I was just checking
5 to see if Mr. Mersich had joined us, but I still don't see him.
6
7 So turning to the relief, this is discussed in our brief beginning at paragraph 27. The *CCAA*
8 at section 9 provides that the commencement of proceedings pursuant to the *CCAA* must
9 be made by filing an application to the Court. The *CCAA* does not require that the
10 application be filed by a debtor company, and we did provide precedent, being the *Metcalfe*
11 case at tab 2, as well as the *Miniso* case at tab 3, showing the creditors may bring an
12 application for initial order in respect to the debtor company. And I do think that the quote
13 of the British Columbia Supreme Court in *Miniso* at paragraph 47 was quite helpful, and
14 I'm just going to read it for the record:
15
16 > The commencement of *CCAA* proceedings is a proper exercise of
17 > creditors' rights where, ideally, the *CCAA* will preserve the going-
18 > concern value of the business and allow it to continue for the
19 > benefit of the "whole economic community", including the many
20 > stakeholders here. This is intended to allow stakeholders to avoid
21 > losses that would be suffered in an enforcement and liquidation
22 > scenario.
23
24 So BMO has brought these proceedings in consultation with the Coast Group as well as
25 the proposed monitor in the form of a creditor-initiated *CCAA* application to provide the
26 best opportunity to preserve the going-concern value of the business.
27
28 As discussed in our brief, beginning at paragraph 32, the Court may address *CCAA*
29 protection to a debtor company, being a company having assets and doing business in
30 Canada, where total claims against a debtor company exceed $5 million. The respondents
31 are debtor companies to which the *CCAA* applies, as they have liabilities in excess of $5
32 million. They are insolvent and continue to operate as a going concern; and then the
33 insolvency test under section 2 of the *BIA,* which is tab 4 of our brief, as they can't meet
34 their obligations as they come due and their liabilities exceed the value of their assets.
35
36 Each of the respondents are debtor companies, or in the case of Coast Automotive Group
37 Inc., that is an affiliated company to which the *CCAA* can apply, and each are eligible for
38 protection under the *CCAA.*
39
40 The Court may grant an initial stay of proceeding under the *CCAA* for up to a ten-day
41 period in respect of an initial application, provided that it's appropriate in the circumstances

1 and the applicants have acted in due diligence and with good faith. It's our view that a stay
2 of proceedings is appropriate in this case given the current financial situation of the
3 respondents and liquidity crisis, and it's necessary to maintain the status quo to give the
4 Coast Group the breathing space that the monitor requires to stabilize operations for the
5 benefit of stakeholders.
6
7 The cashflow which is attached to the monitor's prefiling report at appendix B indicates
8 that the respondents will have sufficient liquidity to continue operations during the initial
9 stay period, provided the interim financing term sheet is approved and the interim lender
10 charge is granted by the Court.
11
12 We are seeking to appoint BDO as the monitor in these proceedings. BDO is well-known
13 to this Court and is well-regarded as a court officer. Part four the prefiling report, which
14 begins at paragraph 9 discusses BDO's background with the Coast Group as well as its
15 qualifications to act as monitor. It meets the requirements to act as monitor under section
16 11.7 of the *CCAA,* and there are no restrictions on it to act. BDO's consent to act as monitor
17 is at appendix 8 to the report.
18
19 We are seeking enhanced powers of BDO, including to manage the business, to preserve
20 the property, prepare financial information of the Coast Group, which specifically includes
21 the cashflow forecast that will be required for the comeback hearing, enter into an interim
22 financing term sheet with BMO, as well as to engage a sale advisor for the Coast Group,
23 and this is discussed at paragraphs 51 through 58 of our brief.
24
25 Notably, sections 11 and 23(1)(k) of the *CCAA* provide jurisdiction to this Court to grant
26 the monitor enhanced powers as part of the initial order. There is a case that we didn't refer
27 to in our brief, Justice, and it's the *Inca One Gold Corp.* case, and I'll give you the reference,
28 or I'll put it on the record at least. It's 2024 BCSC 1478, and the Court in that case explained
29 that the expansion of monitor powers in that case was a condition to the interim financing
30 facility, and they -- and the Court noted that there wasn't intent to control the business or
31 turn this into an effective receivership. Rather, it was an attempt to provide certainty,
32 efficiency, and reduce hemorrhaging to save the business value from further deterioration.
33 And that's the same reasons why we're seeking the enhanced powers to the monitor in this
34 case.
35
36 BDO, its counsel, and counsel for BMO will be essential to the company's restructuring
37 efforts. As a result, we're seeking a first ranking priority charge of the company's assets
38 through an administration charge. This is discussed in our brief at paragraph 59, which
39 provides that essentially 11.52 of the *CCAA* gives the Court the jurisdiction to grant the
40 priority charge for the fee -- for these fees and expenses.
41

1 The initial order proposes a first ranking admin charge of $275,000 over the property to
2 secure the fees and disbursements of the restructuring professionals. It's our view that this
3 is a fair and reasonable amount given the size and complexity of the business and the
4 amount of work done to date and will provide the essential protection for the 10-day stay
5 period.
6
7 We're seeking approval of the interim financing term sheet and, secondly, interim lender's
8 charge over the property in the amount of $350,000. The charge is security for an
9 anticipated $350,000 in post-filing advances that will be needed in a ten-day period to cover
10 payroll, critical auto parts, as well as insurance for the cashflow forecast at appendix B to
11 the report.
12
13 As set out at paragraph 69 of the brief, section 11.2 of the *CCAA* allows the Court to grant
14 the interim lender charge in an amount the Court considers appropriate having regard to
15 the cashflow projections.
16
17 Notably, Justice, 11.2(5) provides that the Court shall not grant an order for interim
18 financing at the same time as granting the initial order unless the Court is satisfied that the
19 terms of the loan are limited to those that are reasonably necessary for the applicants
20 continued operations in the ordinary course of business. We submit that this is -- this test
21 is met.
22
23 The BDO report supports the interim financing and states at paragraph 53 that there is a
24 critical and immediate need for interim financing. Without interim financing, the
25 respondents will be unable to continue operations.
26
27 BDO also opines that the terms offered in the interim financing term sheet are reasonable.
28
29 I do note for the record, Justice, that there are a few minor changes that we will need to
30 make to the interim financing term sheet before it is executed. They're not -- they're minor.
31 The notice provisions provides that Duncan & Craig is counsel for the Coast Auto Group.
32 That has since changed. It's now DLA Piper, so we'll update that.
33
34 Also, we intend to extend the maturity date for the interim financing. It's currently
35 at -- showing as October 12th, but we propose to extend that to October 19th, and that's
36 just based on the timelines that we're anticipating for the sales process that will be subject
37 to the next hearing.
38
39 Justice, subject to any questions of the Court or any response to the submissions of any
40 respondents, that covers what I wanted to point out to the Court today.
41

1 THE COURT: All right. Thank you. I have no questions.
2 Anyone online want to make representations for or against the application? Someone seems
3 to talking.
4
5 MS. BOURASSA: Good morning, Justice.
6
7 THE COURT: Oh, there we go.
8
9 **Submissions by Ms. Bourassa**
10
11 MS. BOURASSA: Good morning, Justice. Kelly Bourassa. I'm here
12 with my colleague Aryo Shalviri. We are on for BDO Canada Limited in its capacity as
13 proposed monitor.
14
15 I was pausing a moment to see if there was anyone in the courtroom who wanted to make
16 submissions before the proposed monitor, because we would typically go at the end but
17 seeing none, thought I should unmute myself.
18
19 There were just a couple things that I wanted to address. Now, one of them may be that I
20 misheard my friend, but I did just want to clarify for the record, in the event I did not
21 mishear him. At paragraph 28 of the proposed monitor's report, the overdraft has increased
22 from the amount -- the amount at September 19th of 6.8 million has increased to 13.3
23 million as at June 7th. I heard my friend say 3.5, and I knew that wasn't the right number.
24 I just wanted that clear.
25
26 THE COURT: I did note that, yeah. I think it was just
27 misspoken. I noted that as well.
28
29 MS. BOURASSA: Yeah. Just wanted that clear for the record,
30 because obviously it is a significant number, and that was the point that my friend was
31 trying to make.
32
33 My friend has addressed BDO's qualifications. They're set out at paragraph 12 of the
34 prefiling report. I won't go into that. I did just want to point you to paragraph 38 of the
35 prefiling report, together with the cashflow forecast, and the reason I take you there is
36 because that paragraph shows the cash need for the ten days, being approximately $357,000
37 and the cash week for the total cashflow period being the just under 2.5 million and so just
38 to provide the support for the interim financing charge that my friend is seeking today. And
39 you would have seen in the prefiling report that the proposed monitor is supportive of all
40 of the charges being sought and is of the view that they are reasonable and appropriate for
41 the ten-day period.

1
2 My friend has taken you to the interim financing term sheet, so I won't repeat that, but,
3 again, I will just take you to paragraph 52 of the proposed monitor's report where the
4 proposed monitor sets out its views in respect of the interim financing facility in respect of
5 which approval is being sought and that the interim lender is an experienced interim
6 financing facility provider; the costs and fees of the facility are in the range of what would
7 be normal in a case of this size; and, overall, the proposed monitor's belief that the terms
8 are reasonable in the circumstance.
9
10 But subject to any other questions you might have, I have no further submissions.
11
12 THE COURT: Thank you, Ms. Bourassa.
13
14 Anyone else? Mr. Mersich isn't here yet, did not show up. I note it's 10:30, for the record.
15 His fellow --
16
17 MR. REID: Justice, do you mind if I just check my phone in
18 case he wanted me -- actually asked me to put something on the record for him?
19
20 THE COURT: Okay. Sure.
21
22 MR. REID: I'll just check.
23
24 MS. FELLOWES: Justice, it's Karen Fellowes. I'm representing one
25 of the secured creditors, Foundation Auto, and I'm just observing. I have no submissions
26 to make today.
27
28 THE COURT: Thank you.
29
30 MR. REID: I don't see anything from him, Justice.
31
32 THE COURT: Okay. But your last discussion was that they
33 weren't opposing?
34
35 MR. REID: No, they advised that they weren't opposing.
36 They provided comments on the form of order, but I do believe he wanted to reserve rights
37 for the comeback hearing and so --
38
39 THE COURT: Okay.
40
41 MR. REID: -- I will -- I will state that for the record.

1
2 THE COURT: Okay. I think he's entitled to that anyway.
3
4 MR. REID: Agreed.
5
6 **Decision**
7
8 THE COURT: All right. Anybody else have any comments,
9 questions, concerns?
10
11 Okay. So with respect to this matter, I am prepared to find that service has been sufficient
12 and has to be slightly abridged, and I'm prepared to do that.
13
14 With respect to the application, I am satisfied that the applicant is capable and has standing
15 to make this application in this case. And, in particular, it makes sense in that they want to
16 maintain the going-concern value of the Coast Auto Group, and this appears to be a
17 necessary step to do so.
18
19 I am also satisfied that the debtors are companies to which the *CCAA* applies, that their
20 total claims against the debtor companies exceed the baseline that's required, and that they
21 are, in fact, insolvent. And so they are debtors to whom this order can be made.
22
23 With respect to the stay period, I am satisfied that a stay period should be granted for ten
24 days. I find that the applicants have acted with due diligence and good faith and have
25 actually worked very hard on this to try to get this to get righted and that it makes sense to
26 have some breathing space for the monitor for the next ten days, until the comeback
27 hearing. So I'm prepared to grant a stay period.
28
29 I also am prepared to find that BDO is an appropriate monitor. Obviously, they have been
30 recognized in this court on many occasions as being proper trustees. They're officers of the
31 court, and I have no hesitation appointing BDO in that role, particularly in this case where
32 they have been involved in trying to get this matter righted, as it were, for a while now.
33 And, therefore, it makes some sense to have them continue.
34
35 I also am prepared to grant the monitor in this case some increased or enhanced powers,
36 including the power to engage a sales agent, preserve the property, control and manage the
37 bank accounts, and prepare financial information of Coast Auto, the group. I find that it
38 does provide the most effective approach to allowing this matter to proceed forward, given
39 that there has been so many efforts to make this go forward, and each have proven
40 unsuccessful to this date.
41

1 With respect to the administration charge, I find that, given the size and complexity of the
2 business being restructured, the role of the monitor here, that the administration charge of
3 $275,000 is appropriate and reasonably necessary at this time, and any increase to that
4 amount can be addressed at the comeback hearing.
5
6 With respect to the interim financing facility, I do find that it is reasonably necessary to
7 have a interim financing facility in the terms provided. As indicated by Ms. Bourassa, the
8 terms are commercially reasonable and that the 350,000 is necessary to fund basic
9 operating expenses, including payroll, insurance, and inventory matters. And so I find that
10 350,000 is an appropriate sum.
11
12 And I think that's all the decisions I have to make. So you're going to provide a clean form
13 of order for me that includes the changes to the term sheet?
14
15 MR. REID: The term sheet is actually not an attachment to
16 the --
17
18 THE COURT: Okay.
19
20 MR. REID: -- proposed form of order, and we don't have any
21 actual changes to the form of order that was attached to our application.
22
23 THE COURT: Okay. Can you send a clean one anyway? I like
24 knowing that I --
25
26 MR. REID: I will send you a -- I will send you a new one
27 anyway, yes, Justice.
28
29 THE COURT: Yeah. I just like having --
30
31 MR. REID: Through the commercial coordinator?
32
33 THE COURT: Yes, that would be helpful.
34
35 MR. REID: Will do.
36
37 THE COURT: Anyone have anything else we have to deal with
38 this morning? All right. Thank you very much. Thank you, Mr. Reid. Thank you for all the
39 material. It was very helpful. Thank you, mister clerk.
40
41 MR. REID: Thank you, Justice.

PROCEEDINGS ADJOURNED

Certificate of Record

I, Simar Singh, certify that this recording is the record made of the evidence in the proceedings, in the Court of King's Bench, held in courtroom 516, at Edmonton, Alberta, on the 16th day of July, 2025, and I was the court official in charge of the sound-recording machine during the proceedings.

Certificate of Transcript

I, Brandy Coyes, certify that

(a) I transcribed the record, which was recorded by a sound-recording machine, to the best of my skill and ability and the foregoing pages are a complete and accurate transcript of the contents of the record, and

(b) the Certificate of Record for these proceedings was included orally on the record and is transcribed in the transcript.

Brandy Coyes, Transcriber
Order Number: TDS-1098920
Dated: December 3, 2025

Appendix "B"

Transcript of the July 25, 2025 proceedings

Action No.: 2503-13640
E-File Name: CVK25COAST
Appeal No.: _________________

IN THE COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT, RSC 1985,
c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF COAST AUTOMOTIVE GROUP INC.,
COAST NORTH VANCOUVER AUTO SALES INC., COAST
AUTO DRAYTON INC. and 2461765 ALBERTA LTD.

P R O C E E D I N G S

Calgary, Alberta
July 25, 2025

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1 Proceedings taken in the Court of King's Bench of Alberta, Courthouse, Calgary, Alberta
2

---

3 July 25, 2025 Morning Session
4
5 The Honourable Court of King's Bench of Alberta
6 Justice M.H. Bourque
7
8 J. Reid (remote appearance) For the Bank of Montreal
9 M. Faheim (remote appearance) For the Bank of Montreal
10 K.J. Bourassa (remote appearance) For the Monitor BDO Canada Limited
11 A. Shalviro (remote appearance) For the Monitor BDO Canada Limited
12 A. Mersich (remote appearance) For Coast Automotive Group
13 K.L. Fellowes, KC (remote appearance) For Foundation Auto
14 J. Liakos Court Clerk
15 J. Stopforth Court Clerk
16

17
18 THE COURT: Good morning.
19
20 MR. REID: Good morning, Sir.
21
22 THE COURT: Good morning, Mr. Reid. So, this is the Coast
23 Auto Group *CCAA* matter and, Mr. Reid, I -- I see that you are there. I see Ms. Bourassa is
24 there, but perhaps you could just introduce if there are any other people who I should know
25 about. And I will tell you -- and I will tell you, Mr. Reid, I have -- I have read the materials,
26 and I am familiar with -- with them and I -- I can see what it is that you are asking for and
27 -- and I will just let you do the introductions and then perhaps you can give me your
28 submissions.
29
30 MR. REID: That sounds good because I think we only
31 booked an hour. So, I will start with my colleagues Monica Faheim who is joining me
32 today on behalf of BMO, the Bank of Montreal. We also have Shehryar Syed, who is
33 representative of BMO's office observing today. Ms. Bourassa is here from the Blake's
34 firm. She and her colleague Aryo Shalviri are in attendance. They represent BDO Canada
35 Limited who is the monitor in this proceeding. Karen Fellowes, KC from the Stikeman
36 firm represents Foundation Auto Companies which are creditors of the the respondent
37 companies. I'm just going to scroll across the top, Sir. Anthony Mersich is here of the DLA
38 Piper firm. He represents the respondent companies as the Coast Automotive Group. And
39 then it looks like everybody else is just observers, Sir.
40
41 THE COURT: Okay.

1
2 **Submissions by Mr. Reid**
3
4 MR. REID: So, you did get several packages of materials.
5
6 THE COURT: I did.
7
8 MR. REID: You say you've reviewed it all. Do you want me
9 to go through the list because it came in several tranches.
10
11 THE COURT: Sure. Why don't we do that.
12
13 MR. REID: Okay. I'll be quick. Last Monday, July 14th, we
14 delivered an application as well as the affidavit of Shehryar Syed sworn July 9th, the
15 prefiling report of the proposed monitor at the time - that was dated July 8th - as well as
16 our brief of law which we filed for the initial order hearing that took place last Wednesday.
17
18 THE COURT: Yeah.
19
20 MR. REID: On Friday, July 18th, we delivered an amended
21 application and that appended three proposed forms of order that we're seeking.
22
23 THE COURT: Yeah.
24
25 MR. REID: And then we also include in that package a
26 blackline of the amended and restated initial order to the form of initial order that was
27 granted last Wednesday.
28
29 THE COURT: Okay.
30
31 MR. REID: On Monday, July 21st, Ms. Bourassa's office
32 delivered the first report of the Monitor and then finally on Wednesday, July 23rd, we
33 delivered a brief of law -- laws and the affidavit of service.
34
35 THE COURT: Okay. I have the original brief of law for sure. I
36 read the materials electronically, so I -- I think I am good.
37
38 MR. REID: Okay. Okay. Thanks. I'll cover off service for the
39 record, Sir. I'm going to refer to three affidavits of service. One you won't have, but the
40 first affidavit of service (INDISCERNIBLE) was sworn July 14th, and that was filed and
41 provided to this Court in relation to the initial order hearing and that document provided

1 that the service list was served with the originating application for the initial order as well
2 as the Syed affidavit on Wednesday, July 9th, and then the prefiling report of the Monitor
3 was served on the service list by Ms. Bourassa's office on Thursday, July 10th. Then the
4 affidavits of service that we provided yesterday. That was sworn by Ms. Seko (phonetic)
5 on July 23rd, and that (INDISCERNIBLE) to the service list which is at Exhibit A to that
6 document. It was served with the application for the REO on July 14th, so that's last
7 Monday as -- and then an unfiled amended application was served on July 18th. The filed
8 amended application was served July 22nd, and our brief was served on Wednesday, July
9 23rd. Then the third affidavit of service I'll refer to is the affidavit of service of Lisa Roy
10 (phonetic), who is from Ms. Bourassa's firm. That was sworn July 23rd, and that provides
11 then Ms. Bourassa's office served the first report of the Monitor on July 21st.
12
13 The service list consists of all known secured creditors with registration against any of the
14 respondent companies at the Personal Properties Registries of Alberta and BC. It includes
15 a first mortgagee of real property asset for a company that is not part of these proceedings
16 but may be interested in them. It includes the municipalities where the businesses operate
17 out of, the BC Department of Justice, as well as the CRA. One thing that isn't in our
18 affidavits of service, Sir, but you will have seen is that we did provide the requisite notice
19 to the media for the restricted court access order and that was done through the court portal
20 last Friday.
21
22 THE COURT: Yeah, I saw it.
23
24 MR. REID: Turning to the relief sought, you're aware we're
25 asking for three forms of order, an amended and restate initial order that expands on the
26 relief that was granted by the Court last Wednesday. We are seeking SISP approval order
27 that does two things - approves a form of sale process as well as an engagement letter of a
28 proposed sale advisor, and then we are looking for that restricted court access order to seal
29 the key employee retention plan that we're seeking approval of today.
30
31 THE COURT: Can you just hold on a second. Jarod, do you
32 have an extra pen?
33
34 THE COURT CLERK: Yes, Sir.
35
36 THE COURT: Thank you.
37
38 Go ahead, Mr. Reid.
39
40 MR. REID: Since this is a comeback hearing and most of
41 these parties were in attendance at last week's hearing, I did put a lot of facts on the record

1 for this Court, so I was intending to be more brief with the background, Sir, but if you need
2 more elaboration, please let me know.
3
4 THE COURT: Okay. I have -- yeah. I -- go ahead. I will ask -- I
5 am usually a pretty good interrupter.
6
7 MR. REID: Thanks. So, background on the Coast Auto
8 Group and its business is discussed in the affidavit beginning at paragraph 18. Some quick
9 highlights include that the Coast Auto Group operates two full service Stellantis
10 automotive dealerships for Chrysler, Dodge and Jeep vehicles, the Coast North Van
11 business operates out of three leased premises in North Vancouver which include a
12 dealership showroom as well as two offsite storage facilities. The Drayton Valley business
13 operates out of Drayton Valley, Alberta and its operations include a showroom and garage,
14 and then Coast Drayton Valley does operate out of owned premise -- or premises that are
15 owned by one of the debtor companies, 246 Alberta.
16
17 The corporate structure of the group is at -- begins at paragraph 23 of the affidavit. Three
18 of the entities Coast Auto, Coast Drayton, and 246 Alberta are each Alberta companies
19 with head offices in Edmonton or Drayton Valley and Coast North Vancouver is a BC
20 company with its head office in North Vancouver and corporate searches are at Exhibits 1
21 through 4 of the affidavit.
22
23 The Coast Auto Group has approximately 72 employees across the two dealerships, 50 of
24 which are in North Vancouver and 22 are in Drayton Valley. The employees are paid
25 biweekly and as noted at paragraphs 95 to 97 of the affidavit, prior to filing BMO had been
26 agreeing to fund necessary expenses of the Coast Auto Group to maintain the going
27 concern business and this included funding the Coast Auto Group's payroll. The group is
28 current on its payroll obligations at this time and as noted at paragraph 32 of the affidavit,
29 should the Court grant the relief today, BMO will continue to advance the funds necessary
30 for the Coast Group to meet its obligations for payroll in the ordinary course through
31 interim financing.
32
33 BMO is the principal source of secured financing for the Coast Auto Group. The credit
34 facilities, security, and guarantees are discussed in significant detail in pages 7 through 13
35 of the affidavit and many of these documents were attached to the affidavit at Exhibits 5
36 through 38. The Coast Auto Group owes BMO in excess of $36 million. As is noted at
37 paragraph 67 of the first report of the monitor, counsel to the monitor has completed an
38 independent security opinion for Alberta NPC which provides that the security granted to
39 Bank of Montreal by the borrower entities is valid and enforceable.
40
41 The financial circumstances of the -- of the Coast Group is discussed in the affidavit

beginning at paragraph 66. It's also in the prefiling report in paragraph 21. The owners of the Coast Group purchased the business in June 2023, and the acquisition contemplated that the owners would inject $4 million of unsecured shareholder loans to support operations, however, only approximately 2 1/2 million was injected, which resulted in a funding shortfall from the outset. The owners were not previously in the car dealership business and are not active in the day-to-day operations of the business. As a result, the business is largely run by individuals serving in professional management positions. This has created some operational challenges which are discussed in paragraphs 25(a) through (f) of the prefiling report and include that there has been significant management turnover including three general managers in Coast Vancouver alone, high labours costs and underused employees as well as overstock of vehicles with an inventory which increases storage costs as well as higher debt service costs for the floor plan facilities which further depress liquidity of the business.

By November of 2023, the Coast Group had been transferred to Bank of Montreal Special Accounts group for breaching a number of financial covenants including significantly exceeding authorized overdraft limits. Between November of '23 and June of this year, BMO worked with the Coast Auto Group to allow it to restructure. This included giving the Coast Group time to inject much needed capital into the business to get its operations on track and there were several attempts to do so. This included management seeking a capital raise with a firm called Lux Corporal Corp., which unfortunately didn't pan out, as well as an attempted sale of a commercial real estate property which also did not ultimately close to provide the much needed capital.

Last August, BDO was engaged by Coast as a financial adviser to assist with a review of the business. It prepared a report. It provided several recommendations including inventory monetization and valuation plans. It also recommended a $15 million cash injection due to the increased losses and rising overdraft balances. And then I -- I put this on -- incorrectly on the record at the initial order application, so I'm going to try this again, but I think paragraphs 27(b) and 28 of the prefiling report illustrate for this Court the concerns of BMO's -- and its position which led to this filing, and those paragraphs note that on September 2024, the aggregate overdraft position of the companies was $6.8 million. By June of 2025, this position had nearly doubled to $13.3 million.

In September of 2024, BMO issued its first default notices where -- which are at Exhibits 43 to 45. In January, BMO and the Coast Group entered a forbearance agreement which is Exhibit 47. Coast Auto defaulted on the forbearance and a forbearance default letter was issued before the parties entered into a forbearance extension agreement in April which extended the -- extended the forbearance period to May. In April of 2020 -- or April -- sorry. April 22nd, BMO through its counsel delivered demand letters and section 244 notices to enforce its security on the Coast Group which are at Exhibits 50 to 53. In April,

1 BMO required that Coast immediately initiate a formal management-led sale process for
2 the businesses to identify a going concern purchaser or purchasers. Sales advisory firms
3 were introduced to management; however, none were engaged until July, which was at that
4 point we decided to initiate the *CCAA,* and no sales process was initiated.
5
6 As set out at paragraph 95 of the affidavit, earlier this month, Coast sought a $500,000
7 advance to meet its payroll and critical operating expenses as there was no further available
8 overdraft credit that BMO was willing to extend it. BMO continued to fund the necessary
9 expenses for the original operating lines until the initial order was granted. The Coast
10 Group is in serious financial distress and BMO is only going to provide further credit
11 through interim financing, a net creditor-driven *CCAA* process with the oversight of the
12 monitor to run the going concern sales process. As noted at paragraph 63 of the prefiling
13 report, BDO is of the view that using the *CCTV* to run a going concern sale process will
14 preserve value in the business and be beneficial to stakeholders including BMO employees
15 as well as other creditors.
16
17 So, turning to the relief sought if there's no further questions on the background, Sir?
18
19 THE COURT: No.
20
21 MR. REID: I'll start with the amended and restated initial
22 order and we're seeking several expanded relief which includes an extension of the stay
23 period to October 29th, an increase to the administration charge from 275,000 to 600,000,
24 an increase to the interim lender's charge to 2.5 million, a third ranking sale advisor charge
25 to -- up to $350,000, a fourth ranking D&O charge for $250,000, a key employee retention
26 plan, as well as a KERP charge for $125,000. We are seeking authorization to make certain
27 prefiling payments if necessary up to an aggregate of $50,000 as well as an increase to the
28 Monitor's enhanced powers.
29
30 So, we have quite a bit to go through, so I'll try to be as efficient as possible, Sir. Starting
31 with the stay extension, this is discussed in our brief beginning at paragraph 18. An
32 extension of the stay is permitted pursuant to section 11.02(2) of the *CCAA*, which can be
33 found at tab 1 of our authorities. This provision provides that after the initial order hearing,
34 the Court may make an order staying proceedings for a period that the Court considers
35 necessary where the Court is satisfied of two things. First, that the circumstances exist that
36 make the order appropriate and, secondly, that the debtor has acted and is continuing to act
37 in good faith and with due diligence.
38
39 The respondents, BMO, and the Monitor we believe are acting in good faith and with due
40 diligence. In the initial 10-day stay period, they have updated the cash flow forecast,
41 prepared the key employment retention plan, designed a SISP, and entered into the interim

1 financing term sheet which is at appendix C to the prefiling report. The stay extension, in
2 our view, is appropriate to provide the breathing room necessary to stabilize operations to
3 carry out the SISP which will maximize the going concern value of the business. The
4 Monitor notes at paragraphs 20 to 29 of its report that the companies will have sufficient
5 funds to continue operations during the proposed stay period provided that the increased
6 borrowings under a interim financing term sheet and corresponding increase in the interim
7 lender's charge are also approved. I'll note, Sir, that the cash flow forecast is appendix B
8 to the first report.
9
10 With respect to the administration charge increase, BDO, its counsel and counsel to BMO
11 will continue to be essential to the companies' restructuring efforts. The restructuring
12 professionals are prepared to provide or continue to provide professional services if they
13 are protected by an increased first ranking priority charge over the companies. As set out
14 in our brief at paragraph 26, section 11.52 of the *CCAA* provides this Court with the
15 jurisdiction to grant a priority charge for the fees and expenses of financial, legal, and other
16 advisors or experts. The proposed increase to the charge to the amount of 600,000 is
17 appropriate for -- for the work that will be required over the coming months. The Monitor
18 notes in the first report at paragraph 24 that the increase to the administration charge is
19 necessary and appropriate given the size and complexity of the companies' businesses, the
20 amount of work done to date and that it will provide the level of appropriate protection for
21 the payment of the restructuring professionals that are essential to this proceeding.
22
23 With respect to the interim lender's charge, the initial order at paragraph 31 approved the
24 debtor's borrowing under the interim credit facility up to an amount of $350,000. Those
25 funds were needed in the 10-day interim period for, among other things, to cover a payroll
26 as well as to purchase necessary parts for the service departments that were required in the
27 ordinary course of business operations. We're now seeking approval to increase the interim
28 lender's charge to $2.5 million to provide security for the full amount that was authorized
29 to be borrowed under the interim financing term sheet which is at appendix C to the
30 prefiling report plus costs and interest. As set out in our brief at paragraph 30, section 11.2
31 of the *CCAA* allows this Honourable Court to grant the interim lender charge in an amount
32 that the Court considers appropriate having regard to the cash flow projections.
33
34 It's our view the interim lender's charge is reasonable in the circumstances and the Monitor
35 in his first report notes -- supports the interim financing as well as the charge for the reasons
36 that are at paragraphs 25 to 29 and those include that the interim financing is needed to
37 continue operations including meeting payroll, paying utilities, paying insurance, as well
38 as technology costs. The Monitor notes that the full interim financing charge is necessary
39 given the companies cannot continue to operate without interim financing, and without the
40 interim financing, as cessation of operations is likely which would prevent the
41 maximization of value of the assets.

1
2 I was going to skip what we're proposing to be a third ranking sales agent charge for now.
3 I was going to come back to when I discuss the SISP. So, I was going to jump ahead to --
4
5 THE COURT: Sure.
6
7 MR. REID: -- the full D&O charge.
8
9 THE COURT: Yeah.
10
11 MR. REID: As set out in our brief beginning at paragraph 37,
12 we're seeking approval of the director and officer charge to secure the indemnification
13 obligations of the companies to risk directors and officers. The D&O charge will only apply
14 to the extent that the directors and officers are not covered by their insurance plan, which
15 is valid until June of next year, I believe. Section 11.5(1) of the *CCAA* provides the Court
16 with jurisdiction to grant the D&O charge in an amount that it considers appropriate
17 provided that notice was given to secured creditors which has been done in this case. We
18 are asking for a fourth ranking charge in the amount of 250,000. which the Monitor notes
19 at paragraph 39 of the report is reasonable in relation to the quantum of the estimated
20 potential liability of the directors and officers. The Monitor advises at paragraph 39 that
21 the D&O charge is appropriate in the circumstances and at paragraph 38, the Monitor notes
22 that it is necessary for the continued support and services of the directors which will be
23 beneficial to preserve value and maximize recoveries for stakeholders.
24
25 We are asking for approval of the key employment retention plan. That document is
26 confidential appendix A to the first report. The KERP is described in the first report
27 beginning at paragraph 41 and it gives five key personal of the Coast Auto Group a total
28 of $125,000 which is to incentivize important employees to stay on with the Coast Auto
29 Group -- Group that may otherwise depart. As noted at paragraph 42 of the brief, section
30 11 of the *CCAA* as well as this Court's inherent jurisdiction gives the Court authority to
31 approve the KERP and the corresponding KERP charge.
32
33 At paragraph 43 of the brief, we reference factors that the Court may consider in deciding
34 to approve the KERP charge which comes from the *Just Energy* case which is at tab 7 of
35 our brief, and these factors include whether or not the Monitor supports the KERP, the
36 beneficiaries are likely to consider alternative employment, and whether these employees
37 are crucial to the restructuring. As set out in the Monitor's report at paragraph 45, it's the
38 Monitor's view that the beneficiaries in the KERP are critical to the preservation of -- of
39 the companies' enterprise value and the success of the sales process.
40
41 I'm going to talk quickly about the sealing order. I know I'm jumping around a little bit,

1 Sir, but that is appendix D to the amended application. We are looking to seal the KERP
2 indefinitely on the court record. The Monitor notes the initial --
3
4 THE COURT: Sorry --
5
6 MR. REID: -- (INDISCERNIBLE).
7
8 THE COURT: -- indefinitely?
9
10 MR. REID: Yes, Sir.
11
12 THE COURT: Okay.
13
14 MR. REID: The Monitor noted in its report at paragraph 50
15 that the KERP contains confidential, personal, and sensitive information.
16
17 THE COURT: Yeah. Sorry, I -- I -- I thought you were talking
18 about the restricted access. Sorry.
19
20 MR. REID: That -- that is what I am talking --
21
22 THE COURT: You are?
23
24 MR. REID: I kind of jumped two -- I am talking about the
25 sealing order now because --
26
27 THE COURT: Okay.
28
29 MR. REID: -- I just talked about the KERP. So, I -- I'm kind
30 of jumping --
31
32 THE COURT: Okay.
33
34 MR. REID: -- around because it kind of flowed, I thought --
35
36 THE COURT: Okay.
37
38 MR. REID: -- in my submission with --
39
40 THE COURT: Okay.
41

1 MR. REID: -- with the key employee retention plan.
2
3 THE COURT: Okay.
4
5 MR. REID: So, the monitor notes that the KERP contains
6 confidential, personal, and sensitive information relating to the employees that's not of a
7 nature that would ordinarily be disclosed to the public. In our brief at paragraph 78, we
8 advise that this information may be prejudicial to the employees both personally and
9 professionally and it's not essential for the public for the *CCAA* proceedings that this
10 information be made available. It's our view that the *Sierra Club* and *Sherman Estate* test
11 is met for the sealing order as the salutary effects of the sealing order outweigh the
12 prejudicial effects of this information not being disclosed.
13
14 THE COURT: Okay.
15
16 MR. REID: So, I'm going to go back to the
17 (INDISCERNIBLE) relief again -- the amended restated initial order (INDISCERNIBLE)
18 and I'm going to talk about that the relief includes permissions for the Monitor to make
19 certain prefiling critical supplier payments up to a total of $50,000. I'll note, Sir, the cash
20 flow does not contemplate any of these payments being made, but this is to account for the
21 occasional things that may come up where payment needs to be made and it's more
22 economical than negotiating or coming to the Court to enforce the service. This can come
23 up if there's certain international suppliers, there might be owed prefiling amounts for IT
24 providers. Essentially, we want to ensure that there is uninterrupted supply of goods and
25 services to carry out the sales process. Importantly, no prefiling payment would be made
26 without the prior approval of the Monitor.
27
28 We are seeking enhanced powers of the Monitor, and this is discussed in detail in the first
29 report at pages 9 to 11. Currently, the Monitor already has powers to manage the business,
30 preserve the property, and prepare financial information of the Coast Group and we are
31 looking for additional powers to allow BDO to downsize the business if it becomes
32 appropriate, terminate employees, market, sell, and convey property, as well as create a
33 plan or other restructuring for the business. Sections 11 and 23(1)(k) of the *CCAA* provide
34 jurisdiction for this Court to grant the Monitor enhanced powers as part of an initial order.
35 The extended powers in this case will further the objectives of the *CCAA* as they will allow
36 -- as they will provide certainly and stability for the Monitor and the Coast Group to
37 complete an orderly restructuring through the sales process.
38
39 If I can turn now, Sir, to the sales process order that we're seeking approval of. I believe
40 that's appendix B to the amended application.
41

1 THE COURT: M-hm.
2
3 MR. REID: We are seeking the SISP order to approve the
4 sales agent engagement letter, which is appendix C to the first report, as well as the
5 proposed SISP, which is appendix D to the report. The sales agent engagement is discussed
6 in the first report beginning at paragraph 30. The Monitor selected Dealer Solutions North
7 America, DSNA, to be the sales agent that will assist with the SISP. The reasons for this
8 selection are that the hourly rate fee is advantageous in this case and DSMA -- NA -- MA,
9 sorry. has considerable experience in distress sales processes and it has industry specific
10 knowledge and expertise. In the amended and restated initial order, we are seeking a third
11 priority charge for the sales agent up to $350,000, which is the high end of the -- of the
12 sales agent anticipated costs for this engagement. As set out in our brief at paragraph 49,
13 the Court has the authority to grant a discharge pursuant to section 11.5(2). BMO and the
14 Monitor are of the view that the charge is appropriate given the size and complexity of the
15 businesses, that the assets are in multiple jurisdictions, and considerable market context
16 and expertise of the sales agents will be required.
17
18 Lastly, Sir, with respect to the SISP itself, this is discussed in significant detail at pages 17
19 through 22 of the report. It is a two-phase sales process or sales and investment solicitation
20 process that is proposed to launch on August 5th, which is after the -- the coming long
21 weekend. A summary of the proposed timelines is at a chart on page 18 of the report --
22
23 THE COURT: M-hm.
24
25 MR. REID: -- and the Monitor notes at paragraph 65 of the
26 report that it is of the view that the proposed SISP is fair, reasonable and transparent. It is
27 consistent with sales processes approved in other insolvencies in this industry, and that the
28 monitor is of the view that it will sufficiently canvass the market for maximizing value.
29
30 So, I’ve been speaking for about half an hour, Sir, so I propose to open the floor to any
31 questions you might have or if there are any submissions to be made.
32
33 THE COURT: I don’t have any questions.
34
35 **Submissions by Mr. Mersich**
36
37 MR. MERSICH: Sorry, good morning, Justice. Anthony Mersich
38 of DLA Piper. We’re counsel to the -- the respondent debtor companies here. Just very
39 briefly, the respondents do not oppose the -- the relief sought today. Leading up to today’s
40 application, I have spoken both with the bank’s counsel and the Monitor’s counsel
41 regarding two issues. One is -- (UNREPORTABLE SOUND) -- excuse me -- just access

1 to some information regarding inventory sales and if there was ever to be any potential
2 shutdowns of portions of the companies' business. There's not any planned at the time, but
3 if that was ever to arise, we've agreed with the Monitor on a framework to have that
4 information shared. We don't believe that it's necessary to incorporate that into the
5 Monitor. We just wanted to bring that to the Court's attention.
6
7 Secondly is the issue of just professional fees, managing those. This is a -- a file that
8 originates from Toronto, but the dealerships are out here in Western Canada. We've
9 expressed to the Monitor to the extent possible that they could use local people at local
10 rates. The Monitor is aware of this concern and has agreed to do so to the extent possible.
11
12 That is all from me unless you have any questions, Sir.
13
14 THE COURT: I don't have any questions, no. Anybody else
15 have any submissions they'd like to make?
16
17 **Submissions by Ms. Fellowes**
18
19 MS. FELLOWES: Yes, briefly. Hello, Justice Bourque. It's Karen
20 Fellowes. We are counsel for Foundation Auto who are the subordinate lender with respect
21 to two of the *CCAA* entities, the Drayton Valley and the North Vancouver dealerships. My
22 client does not oppose the relief being sought today but notes that they were unaware that
23 the BMO facilities had risen within 2 years. There's a $13 million overdraft, which is now
24 in front of us and now the costs of the *CCAA* as well. So, obviously, my client is a bit
25 dismayed to find out they are so subordinate, so deeply subordinated now but, that being
26 said, we have slightly different security package and slightly different debtors in relation
27 to our loan, so to the extent there's no *CCAA* stay preventing our own enforcement efforts,
28 we'll be taking our own steps as well.
29
30 THE COURT: Okay. Ms. Bourassa.
31
32 **Submissions by Ms. Bourassa**
33
34 MS. BOURASSA: Good morning. I know my friend has gone
35 through the submissions in detail including with reference to the Monitor's report, so I
36 won't drag this out any longer, but there were just a few things I wanted to touch upon. In
37 particular, you would have seen at paragraph 14 of the first report the Monitor's activities
38 since its appointment including certain statutory activities, completing an inventory, and
39 creating a weekly monitoring protocol with the company. Additionally, you'll see the
40 comments on the cash flow. It's a 14-week cash flow as opposed to your typical 13-week
41 cash flow which what my friend didn't discuss, but what you will have seen, it -- it meshes

1 to the dates in the sale process also having regard to a week in October when the Court is
2 not sitting and so we wanted to make sure that we were trying to be as economical as
3 possible in terms of court hearings and coming when we have -- have some relief to be
4 sought. So, you will have seen the Monitor's use on the cash flow and the reasonableness
5 of it up to the standard required by the *CCAA*.
6
7 I won't go through any of the charges unless you had questions about the
8 (INDISCERNIBLE) specifically, but you would have seen from the report that the Monitor
9 is supportive of all of those. Sale process was dealt with in detail by my client -- by my
10 friend Mr. Reid. The engagement letter and how the sales agent was identified is set out in
11 detail in the report and the Monitor is of the view that this is the appropriate sales agent for
12 this matter. (INDISCERNIBLE) will (INDISCERNIBLE) canvass the market.
13
14 I did in particular want to just come back to the sealing order. You would have seen
15 confidential appendix A to the Monitor's report and just coming back to my friend's
16 submissions on that point, recognizing that a -- an indefinite sealing order is very common
17 and the Court's attempting to balance the public openness of the courts against private
18 information or confidential information (INDISCERNIBLE) is that this is personal payroll
19 (INDISCERNIBLE).
20
21 THE COURT: You are -- you are kind of coming in and out of
22 range of your microphone there but, yeah, and -- and I take --
23
24 MS. BOURASSA: (INDISCERNIBLE).
25
26 THE COURT: -- I take your point on that, Ms. Bourassa, and I
27 -- I -- as I was listening, I missed the part when Mr. Reid was talking about that it was
28 indefinite because of -- because it was the personal, private information. So, I -- I'm good
29 on that. I'm good on that.
30
31 MS. BOURASSA: Okay.
32
33 THE COURT: Yeah.
34
35 MS. BOURASSA: I won't -- I won't spend any more time on that
36 then, and unless you had any specific questions, I have no further submissions.
37
38 **Decision**
39
40 THE COURT: Okay. Okay. Thank you very much. Okay. I -- I
41 presume -- I think I have heard from everyone and thank you very much to all counsel for

1 your submissions. I did have an opportunity to review the materials in advance of today
2 and it all seemed very reasonable to me, so I -- I -- without further adieu, the application -
3 - I am just going to say the application is granted and, Mr. Reid, if you would send -- did
4 you say you have sent these orders in electronically or no?
5
6 MR. REID: I'm going to do it again --
7
8 THE COURT: Okay.
9
10 MR. REID: -- even if we have because there's just been so
11 many packages delivered --
12
13 THE COURT: Okay.
14
15 MR. REID: -- I think now --
16
17 THE COURT: Okay.
18
19 MR. REID: -- and now that the order has been granted, I'll
20 just send new clear versions if that --
21
22 THE COURT: Okay.
23
24 MR. REID: -- suits you.
25
26 THE COURT: Yeah. No, that's fine. That's fine. And if you
27 send them today, I think I should have time to get those signed and returned to you today.
28
29 MR. REID: Thank you, Sir.
30
31 THE COURT: Okay. All right. Unless there is anything else, we
32 can adjourn. Okay. And I think I will see you again at 11, Mr. Reid.
33
34 MR. REID: 2, I believe, Sir.
35
36 THE COURT: 2. Okay. All right.
37
38
39
40
41

1
2
3 PROCEEDINGS CONCLUDED
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Certificate of Record

I, Jarod Liakos, certify that this recording is the record made of the evidence in the proceedings at the Court of King's Bench held in courtroom 1702 at Calgary, Alberta on the 25th day of July 2025, and that myself and John Stopforth were the court officials in charge of the sound-recording machine during proceedings.

Certificate of Transcript

I, Marcey Lepka, certify that

(a) I transcribed the record, which was recorded by a sound-recording machine, to the best of my skill and ability and the foregoing pages are a complete and accurate transcript of the contents of the record, and

(b) the Certificate of Record for these proceedings was included orally on the record and is transcribed in this transcript.

Marcey Lepka, Transcriber
Order Number: TDS-1098922
Dated: December 3, 2025

Appendix “C”

Transcript of the February 18, 2026 proceedings

Action No.: 2503-13640
E-File Name: EVK26COAST
Appeal No.: ______________________

IN THE COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE OF EDMONTON

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c. C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF COAST AUTOMOTIVE GROUP INC., COAST NORTH VANCOUVER AUTO SALES INC., COAST AUTO DRAYTON INC. and 2461765 ALBERTA LTD.

P R O C E E D I N G S
(Excerpt)

Edmonton, Alberta
February 18, 2026

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1 Proceedings taken in the Court of King's Bench of Alberta, Courthouse, Edmonton, Alberta
2 ____
3
4 February 18, 2026 Morning Session
5
6 The Honourable Justice L.K. Harris Court of King's Bench of Alberta
7
8 J.W. Reid (remote appearance) For the Bank of Montreal
9 S.C. Chimuk (remote appearance) For Coast Automotive Group Inc.
10 K.J. Bourassa (remote appearance) For the Monitor
11 N. Yong Court Clerk
12 ____
13
14 THE COURT: Okay. Good morning, everybody. Just give me
15 a minute to get all hooked up here. Okay. I see we have got Ms. Bourassa. Mr. Reid is
16 there. Mr. Chimuk. A few other people. Okay. There is a large volume of materials
17 here. I am not going to list them all. I will rely on counsel just to make sure that you
18 point me to where you are referring to as we go along. I am not sure where we wish to
19 start. Probably, with Mr. Chimuk's application, but I see Mr. Bourassa is there and looks
20 ready to say something. So go ahead.
21
22 MS. BOURASSA: Yes. Thank you, Justice. We did have a brief
23 discussion over e-mail last night, and it does appear that there may only be one or two
24 people who are here and interested in these -- in the application in the main meeting, the
25 stay extension, the matter that actually relates to the *CCAA* broader proceedings.
26
27 THE COURT: Yeah.
28
29 MS. BOURASSA: And so we thought maybe we could deal with
30 that first --
31
32 THE COURT: Okay.
33
34 MS. BOURASSA: -- so that, then, to the extent there are parties
35 here who only have an interest in that application, they can then exit and not be causing
36 additional potential incremental costs to the estate, otherwise.
37
38 THE COURT: Sure.
39
40 MS. BOURASSA: So we're obviously in your hands, but that
41 was -- that was the suggestion.

1
2 THE COURT: Yeah, that makes sense to me.
3
4 MS. BOURASSA: Okay. And I'm not aware of any objection to
5 that relief, so I will be -- I will be rather quick.
6
7 THE COURT: Okay.
8
9 **Submissions by Ms. Bourassa (Stay Extension)**
10
11 MS. BOURASSA: As you would have seen from the second
12 supplement to the third report, the further application -- the further adjournment of the
13 monitor's application, which was originally returnable on December 9th, and the
14 plaintiff's cross-application, means that the monitor is not in a position to seek its
15 discharge and the termination of the *CCAA* proceedings prior to the current stay expiring,
16 which is on February 27th, later this month. Therefore, it's necessary to extend the stay
17 period to allow the monitor's application from December 9th and the cross-application to
18 be heard, obviously, depending, also, on whatever comes out of today's applications and
19 to deal with that.
20
21 So what we have done, we have provided to the Court, attached to the monitor's
22 supplement, an updated cash flow that shows not a lot of cash, but sufficient cash to get
23 through to the end of March. And we structured it in the same way as the stay extension
24 in December was structured, which is that it would go to March 27th or the filing of a
25 *CCAA* termination certificate on the basis that if we do get the *CCAA* termination relief in
26 advance of that date and are in a position to file that certificate, then we would have that
27 flexibility.
28
29 I do want to just take you, briefly, to the fourth revised cash flow forecast. That is at
30 appendix A of the second supplement. And that is attached to -- we had provided you
31 with a compendium.
32
33 THE COURT: M-hm. Yeah, I have got that.
34
35 MS. BOURASSA: So to the extent you're looking at -- to the extent
36 you're looking at that electronically, that begins -- page number's at the bottom if you look
37 at (INDISCERNIBLE) --
38
39 THE COURT: Yeah.
40
41 MS. BOURASSA: -- is 00087 with appendix 'A' beginning on 95.

1 And so just taking you there, you'll see in the bottom right-hand corner that the closing
2 cash balance is just over $9,000. You will additionally see that there is a negative cash
3 flow, and this is just a few lines further up where it says cumulative net cash flow of
4 $670,000. As we've noted in the monitor's report, that is largely relating to the additional
5 costs of these litigation steps that are being taken.
6
7 But in short, the monitor's of the view that the extension of the stay period is appropriate
8 because the monitor is unable to terminate the *CCAA* proceedings before the current
9 expiry of the stay period. The fourth cash flow forecast demonstrates sufficient funds are
10 available to satisfy remaining operating expenses, professional fees, and disbursements,
11 and that the company, under the supervision of the monitor exercising its expanded and
12 enhanced powers, has acted and is acting in good faith and due diligence.
13
14 So we would -- we would suggest that the test to extend the stay has been met and would
15 simply flag that, if these proceedings extend further or the cost of the proceedings is more,
16 the monitor may be required to seek advice and directions from the Court relating to its
17 ongoing mandate.
18
19 THE COURT: Understood.
20
21 MS. BOURASSA: Subject to any questions, those are -- those are
22 my submissions on that point.
23
24 **Decision (Stay Extension)**
25
26 THE COURT: Okay. I do not have any questions for you.
27 Does anyone else have anything to say about this particular application? No. Hearing
28 nothing. Okay. Thank you, Ms. Bourassa.
29
30 So with respect to the order -- or the application for an extension of the stay, I have got
31 your form of order that is attached to the application; and I have reviewed that. Note that
32 the monitor is seeking an extension of the stay period to -- up to and including
33 March 22nd, 2026; and I am satisfied that that is appropriate given all of the
34 circumstances. So I will grant that order.
35
36 MS. BOURASSA: Thank you. And do you have a clean copy, or
37 do we need to submit that? I heard you are seeing the version attached to the application.
38
39 THE COURT: I might. I do not know. I am looking at the one
40 that is attached to the application. I am not sure if -- I am sure you did send in a clean
41 copy, but I do not know, to be short.

1
2 MS. BOURASSA: Okay. I'll confirm that in the background --
3
4 THE COURT: Sure.
5
6 MS. BOURASSA: -- so that we have that sorted before we're
7 finished today. Thank you.
8
9 THE COURT: Yeah. That makes sense. Thank you. Okay.
10 Mr. Chimuk.
11
12 MR. CHIMUK: Thank you, Madam Justice. And before I begin,
13 I was going to suggest that I begin with my submissions with respect to the further and
14 better application. And, then, I wasn't sure whether, while I have the conch, so to speak,
15 you also want me to address my response to the BMO application for security for costs or
16 if we want to deal with further and better first. I'm just in your hands with respect to
17 whatever you think the most efficient manner in which you would like to proceed or
18 subject to any comments that my friends may have with respect to that.
19
20 THE COURT: I think, in my -- my preference would be to start
21 with your application in relation to the responses to the written interrogatories and the
22 questions refused. We will deal with that application first, get that out of the way, and
23 then we can move to the security for costs application.
24
25 MR. CHIMUK: Perfect. That works --
26
27 THE COURT: Okay.
28
29 **Submissions by Mr. Chimuk (Further and Better Answers)**
30
31 MR. CHIMUK: -- works for me. So without further ado,
32 Madam Justice, we're here today with respect to two remaining applications. Those
33 applications are for further and better answers and BMO's application for security for
34 costs. With respect to our application, it's necessary to understand the close
35 cross-application, in our view, in order to understand the importance of the further and
36 better answers that are being sought.
37
38 The main assets of the debtor have now been sold. The current monitor wishes that a
39 *CCAA* to cease and for the debtor to be put into bankruptcy. The debtor, on the other
40 hand, states that there's one asset remaining in the estate that is of primary importance.
41 That asset is a lawsuit as against BMO, which is also the major creditor. We say that if

the estate goes into bankruptcy, that will result in the lawsuit being abandoned and the current shortfall being crystallized; therefore, what is being proposed by way of our cross-examination is that the current monitor be replaced with the new monitor being introduced without superpowers because, in our view, those would no longer be needed. And the new monitor would essentially be watching the litigation.

Our application contemplates outside funding to be provided for both the monitor and the lawsuit. In other words, there would be no depletion of the estate. And the plan would see the conclusion of the final asset -- or the disposition of the final asset of the estate, that asset being the lawsuit against BMO. If that lawsuit is successful, then that lawsuit -- the monies from that lawsuit will form the formation -- will form the basis of the restructuring plan. If it's unsuccessful, the costs will be borne by the outside lender, the assets will not be depleted.

This is what the cross-application is about. I'm not here today to argue the merits of the cross-application, but I want it to be clear to the Court what it is that we are seeking in the cross-application so that the Court understands why the questions, why the answers to those questions, we say, need to be answered in order for that cross-application to be heard -- or to assist that cross-application in being heard.

So prior to that application, which has currently been adjourned sine die, Coast states that it needs further and better answers; and that's what we're here to talk about. So it's important to note that, in the case at bar, many of the usual reasons that would prevent a cross-examination of the monitor are not present. It appears that ourselves and my friends agree with fact that cross-examination of a monitor can occur. The law is clear on that. But we also agree that it is to occur in exceptional circumstances.

So, effectively, with respect to whether or not we are able to cross-examine the monitor on the monitor's third report, right, ask cross-examination questions in view of what we say were the deficient, refused, or defective interrogatories. I think everyone agrees that that can be done; but the test, of course, is whether it's an exceptional circumstance such to allow that to be done.

And what we say is that the reason why exceptional circumstances, getting to the heart of why the law is the way the law is, the reason for this is that the monitor, in typical cases, may be engaged in many things that shouldn't be subject to cross-examination. For example, monitors are routinely engaged in confidential discussions about how to best sell or dispose of assets, how to get the best price. Likewise, monitors are often engaged as an independent voice in the proceedings, speaking to different creditors, facilitating the exchange of information, and working towards alternate resolution. In many cases those are key roles of the monitor, and the monitor needs independence with respect to that.

1 And so the Court doesn't want to allow, we would submit, cross-examination in those
2 instances.
3
4 And I'm not going to take you through my brief in depth, assuming that you had the
5 opportunity to read it; but, in our brief, we go over the cases that are supplied by the
6 monitor. And we -- there's a section where we distinguish those cases. And I'll just point
7 you to it for your reference.
8
9 THE COURT: Okay. Mr. Chimuk, I am going to have to stop
10 you there for a minute. And the only reason why I am stopping you is because, when I
11 went through all of the materials yesterday, it occurred to me late last night that I did not
12 see your brief. I sent an e-mail out to Melissa (phonetic), who is standing in for Mr. Burg,
13 asking her if you had submitted a brief because I could not imagine that you would not
14 have; and I have not heard back from her yet. So I take it that there is a brief that has
15 been sent in.
16
17 MR. CHIMUK: Yes.
18
19 THE COURT: Okay. Yeah. I was afraid of that.
20
21 MR. CHIMUK: Well, in that case, I'm glad you stopped me.
22
23 THE COURT: Yeah.
24
25 MR. CHIMUK: I was going to -- I made it my -- I make it my
26 practice never to read from my brief.
27
28 THE COURT: Yeah.
29
30 MR. CHIMUK: But in the circumstances, I'll make some
31 changes on the fly here.
32
33 THE COURT: Okay. Just -- yeah. Just hang on. Did you send
34 an e-mail separately to my assistant, Elise (phonetic), or did you just send it in to
35 Mr. Burg's office?
36
37 MR. CHIMUK: We sent it into Mr. Burg's office -- bear with me
38 here -- our brief was due on Tuesday.
39
40 THE COURT: Yeah.
41

1 MR. CHIMUK: And it was submitted at 2:57.
2
3 THE COURT: On Tuesday. Yeah. Okay. Can I get you to
4 send that -- yeah, I am going to give you my e-mail address and get you just to flip that to
5 me.
6
7 MR. CHIMUK: Okay. I will do this right now.
8
9 THE COURT: Okay. And the e-mail is Lorena --
10 L-O-R-E-N-A --
11
12 MR. CHIMUK: L-O-R-E-N-A.
13
14 THE COURT: -- .Harris --
15
16 MR. CHIMUK: H-A-R-R-I-S.
17
18 THE COURT: -- @AlbertaCourts.ca.
19
20 MR. CHIMUK: Okay, Madam Justice. I just sent you a copy of
21 the filing request, the book of authorities, and the post-brief.
22
23 THE COURT: Yeah. Perfect. Okay. So carry on. And it
24 takes a couple minutes to come through, but that is fine.
25
26 MS. BOURASSA: Justice, I wonder, since we paused, would it
27 make sense to maybe just confirm what you have received in the event there are other
28 items that you haven't. Then, we can maybe get that all looked after at the same time.
29
30 THE COURT: Sure. Okay. So I will tell you what I have got
31 here.
32
33 MS. BOURASSA: Sure.
34
35 THE COURT: It is not in any -- unfortunately, it is not in any
36 particular order. So I have a -- I have the -- well, let us start with the security for costs
37 stuff because I have the original written argument, the brief, that was filed by
38 Miller Thomson. And, then, I have got two binders, which was the supplemental
39 materials, I believe, on that.
40
41 MR. CHIMUK: That's everything with respect to our

1 application.
2
3 THE COURT: Yeah. Okay. So, then, what I am missing
4 would be Mr. Chimuk's response; but that will come through shortly, I assume. Okay.
5 Then, I have an affidavit of Mr. Sayed (phonetic), sworn July 9th, 2025. Then,
6 Ms. Bourassa's application to stay, which I have dealt with -- or extend the stay, which I
7 have dealt with. I have the bench brief of the monitor, dated February 13th. I have got
8 the compendium. I have got a questioning transcript with exhibits of Harjo Rendawa
9 (phonetic) for 2 days, it looks like, January 22nd and 23rd. So that seems to be the most
10 recent materials. Then, I have got the materials that were all submitted in advance of the
11 February 6th appearance; and there is some duplication there. And, then, of course, I
12 have got the materials that were submitted in the -- for the December hearing.
13
14 MS. BOURASSA: So I think when you say "the materials in
15 advance of February 6th," I think that's Mr. Chimuk's application --
16
17 THE COURT: Yeah.
18
19 MS. BOURASSA: -- which was returnable February 6th and, then,
20 an affidavit and supplemental affidavit of Ms. Marge (phonetic) from his office.
21
22 THE COURT: Yeah, correct. Yeah, I think there were two
23 supplemental affidavits, but -- yeah. Yeah.
24
25 MS. BOURASSA: Okay. Okay. Sounds -- it sounds to me, based
26 on, I take it, that the only thing you are missing it Mr. Chimuk's brief that was filed on the
27 10th.
28
29 THE COURT: Yeah. Okay. So that is -- those e-mails have
30 just come through. I have got his brief; his book of authorities; yeah, and, then, the filing
31 request. Okay. Okay. My apologies. Go ahead.
32
33 MR. CHIMUK: No problem. Well, I'd much rather know.
34
35 THE COURT: Yeah. Well, me too.
36
37 MR. CHIMUK: So let me restart, then. I -- so where I was at --
38 and I'm just going to pull up my brief. And I may be referring to my brief, as well. So I'm
39 glad that you have that handy, as well.
40
41 THE COURT: Yeah.

1
2 MR. CHIMUK: In essence, what I was suggesting is that there
3 are many normal good reasons why cross-examination may not be allowed. And what we
4 say is that none of those factors are present here in the current case.
5
6 And so if I take you to our brief at page 14, there is a section 'H', which we titled
7 "Distinguishing Case Law." And so in this section, we distinguish the case law that's
8 been provided by my friends at BDO and talk about why those cases are not applicable to
9 the present situation. Just going to my brief, Coast is in agreement with BBO with respect
10 to the legal principles applicable to cross-examination of Court officers and that such
11 examinations are to be reserved for certain exceptional circumstances.
12
13 However, the case law cited by BDO in its argument is distinguishable from the facts in
14 the current matter. While all the below cases are distinguishable on slightly different
15 grounds, the primary distinguishing factors include BDO's failure to provide
16 (INDISCERNIBLE) answers to interrogatories in proper form, its failure to inform itself
17 prior to providing its answers with respect to those answers that were provided, and the
18 presence of contradictory information, as well as the (INDISCERNIBLE) of BDO's
19 refusal to answer questions as occur in the first instance.
20
21 So if we look at those cases, for example, *Pinnacle v. Kraus*, which is cited by my friends,
22 Pinnacle claims -- specifically concerns the assessment of amounts of a claim for
23 repossession made under the BIA and, specifically, whether any claims were available as
24 against the receiver in these circumstances. The Court refused to grant this because the
25 questions being asked in those circumstances were not sufficiently within the scope of
26 that specific inquiry. Coast in our case is not seeking to inquire with respect to collateral
27 litigation.
28
29 And this is a key point that I'll keep you on, Madam Justice, because it comes up
30 repeatedly in both the briefs of my friends from BDO with respect to the further and
31 better; and it also comes up from my friends at BMO with respect to their security for
32 costs. And what they're both fundamentally saying is that the questions and answers that
33 we're seeking is some sort of pre-litigation discovery, that we're seeking to use the *CCAA*
34 for a collateral purpose. That is not the case at all. Okay.
35
36 And when we go through the questions that we're asking and the objections, the questions
37 that we are seeking relate, specifically, to the relief that we are seeking, that relief being,
38 in part, to replace the current monitor with a new monitor. And part of the replacement of
39 the monitor goes to the fact that we say that this monitor has not been acting in an
40 independent -- or challenging the independent -- independence of the current monitor,
41 right.

1
2 And so what -- this is relevant because it goes to whether or not the current monitor
3 should be replaced. And we are saying that the current monitor should be replaced. So
4 we're not trying to explore these questions for some sort of collateral purpose; but, rather,
5 the questions relate to information which is essential to a Court's determination as to
6 whether or not the current monitor has been, in fact, acting in an independent manner
7 such that they should remain as monitor. So that's why we say it cuts to the heart of it.
8
9 So, further, we say that, unlike *Pinnacle*, in *Pinnacle*, the receiver had previously been
10 documented as having provided additional detailed information to the corporation
11 concerning the report in question and the analysis undertaking; and, therefore, the Court
12 felt that all relevant information had already been provided. So, again, the cases that
13 they're talking about are cases that there has already been disclosure and information
14 provided. In the current claim, no such steps were taken by BDO. BDO refused several
15 of the questions on initial inquiry of Coast, and those answers provided haven't been
16 explicitly provided without a review of requisite documents or communications.
17
18 I'll get to this in the substance of our brief, but in the third -- in the -- in the answer to their
19 written interrogatories, they expressly state the fact that there are documents that have not
20 been produced. Unlike in *Pinnacle*, the first initial request for information by Coast was
21 rejected by the monitor. Additionally, it should be noted that, with respect to direct
22 inquiry of the receiver, this comment was made in obiter and intended to underscore that
23 the receiver had already previously answered the corporation's inquiries.
24
25 At stated above, this is not the case here. BDO refused to provide information upon its
26 first request to do so. And, further, those answers provided were provided in an incorrect
27 form and without proper review of documentation. In *Goshen* (phonetic), the receiver in
28 those proceedings had previously responded to inquiries for information, again, detailed
29 information, and offered documentation to the corporation in question concerning the
30 monitor's report by way of a detailed affidavit.
31
32 As has been repeated, BDO refused to provide such answers; and those answers which
33 have been provided were not provided by way of sworn affidavit and/or provided with a
34 disclaimer that no documentation had been reviewed. In other words, in *Goshen*, the
35 receiver had clearly demonstrated that it had met its obligation to provide the debtor with
36 clarifying information concerning sales process; and we say that BDO has not.
37
38 In the *SA Capital* decision, the chilling effect -- and this is what I was talking about
39 initially -- with which the Court was concerned related not to the general obligation to
40 provide the parties due receivership with full and accurate information, which forms part
41 of the fiduciary duty of the monitor. Instead, this case specifically concerned whether

1 there was pre-existing right to order further information from the receiver without having
2 to provide evidence or arguments. This is not what we're you arguing in the current
3 matter, and we say that there's no chilling effect.
4
5 In *KEB Hana*, again, it's distinguished -- I'm not going to walk you through all of these,
6 but the *KEB* decision, the (INDISCERNIBLE) decision effectively -- and you can read the
7 brief when you have time to do so prior to issuing a decision, but the crux of what I'm
8 getting at here is that the decisions that are cited by my friends in support of the
9 proposition that Court officers ought not to be examined, that those circumstances do not
10 exist here. In the current case, we are at the end of the proceeding. Assets have been
11 disposed of, right. There has been a disposition of assets.
12
13 The only asset that is remaining with respect to the estate is the lawsuit against BMO.
14 There is no negotiation that's occurring between creditor. There's no discussion that is
15 occurring between creditors of which the independence of the -- is needed by the monitor.
16 That, quite frankly, is simply not the situation that we're dealing with in the case at bar.
17 And, further, even to the extent that it was, that independence is not needed with respect
18 to the specific questions that we are seeking answers to.
19
20 The questions that we are seeking answers to relate to the independence of the monitor as
21 well as to the necessity of this proceeding going into bankruptcy because you'll recall that
22 there's a primary application that's being brought by the monitor to put this into
23 bankruptcy; and our cross-application is seeking to prevent that. So the crux of our
24 questions go to those issues of whether this monitor needs to be replaced and whether
25 bankruptcy is, indeed, appropriate.
26
27 Now, with respect to the written interrogatories, in accordance with the litigation
28 timetable, on January 8th, 2026, Coast provided BDO with a series of clarifying questions
29 in the form of written interrogatories concerning the content of the third report. BDO
30 responded to the written interrogatories on January 15th, 2026, in a document entitled
31 "Responses to the Written Interrogatories."
32
33 In the response, BDO failed to sufficiently or individually identify the responses to each
34 question provided. BDO further declined to answer 5 of the 25 questions and provided a
35 blanket refusal that any questions which have not been answered were "irrelevant, do not
36 relate to matters raised in third report, are outside the monitor's knowledge, or outside the
37 scope of written interrogatories of a Court officer." This refusal failed to specifically
38 identify which questions were refused or the basis on which each question was refused.
39
40 In the cases of those questions for which a response was provided, the responses failed to
41 clearly identify to which question each response was intended and contained factual

information contradictory to previously filed affidavits of the monitor. Further, in the monitor's response, it states that "the monitor has not reviewed its file to produce correspondence, notes, documents, or communications in preparation of its answers." And so with respect to our request for correspondence, notes, documents, and communications, the monitor admittedly flat-out denied any such information.

Further, going from the interrogatories to the fee affidavit, on January 22nd, 2026, the monitor was examined by Coast, pursuant to an order of the Court, concerning the contents of the fee affidavit. During the course of this examination, counsel for the monitor objected to 44 questions by Coast, including all questions that related whatsoever with respect to the third report. All objections by counsel for BDO were on the basis of relevancy and materiality. The questions that we asked -- and, again, I can take you through the specific questions.

And the reason why we say it's important for those questions to be answered is because when it comes to a cross-examination on a fee affidavit, we say that that cross-examination ought to be within the four corners of the application, not the four corners of the affidavit itself. That is the law as it pertains to cross-examinations. Now, with respect to the four corners of the application, we say that a cross-examination on these need not be limited to the time spent but it's fair for that cross-examination to touch on the reasonableness of the steps taken and exactly why the steps were taken.

In other words, if your cross-examination were merely limited to the time, you know, What's the question that you were going to ask? Oh, I -- Sir, I'm going to suggest to you, you didn't spend 2 point, you know, 4 hours on that task? I mean, if that's the only thing that you're allowed to ask with respect to a cross-examination on a fee affidavit, which we would suggest would be the practical implication of the position taken by my friends, then that would render such cross-examination completely meaningless. The questions that we asked pertain to not only the steps that were taken or not only time that was spent, but, rather, an understanding of why those steps were taken or why that time was spent.

And it's necessary to examine whether the fees were necessarily appropriate to know or understand the rationale or the reasoning behind the decisions which led to the time being spent on the problem. And so that's our general position with respect to the questions as they relate to the fee affidavit.

Now, with respect to written interrogatories -- and this is set out, starting at the bottom of page 9 of our brief -- the *Alberta Rules of Court* provide that all examinations may be conducted either by way of oral examination or written examination. And that's set out at rule 5.28(1).

1 Our first complaint with respect to the interrogatories, leaving aside -- I'm not going to be
2 arguing about format here today, but our first substantive complaint is that the monitor
3 was not adequately informed with respect to these. And we say that in -- the corporate
4 representative was obligated in its response, as they would be in an oral examination, to
5 adequately inform themselves of records relevant to material questions asked and that this
6 includes an obligation to review records of the corporation and potentially consult with
7 employees, other officers, or other persons who may have necessary information.
8
9 Juxtapose this obligation with what the monitor admittedly did not do, which was it did
10 not review its file, produce correspondence, notes, documents, or communications. So we
11 say, on the face of the written interrogatories, it is clear that the type of review that is
12 required with respect to a written interrogatory was not performed by the monitor. We
13 say that the obligation to inform themselves of such documents ensures that the corporate
14 representative is capable of providing actual information which is fulsome and accurate
15 during the examination and actively refusing, as BDO has, from reading and reviewing
16 communications or documents, as requested by the plaintiff, BDO is actively hindering
17 the ability of Coast to use the responses provided in bolstering her case and significantly
18 weakens the potential factual or evidentiary value of such responses.
19
20 Further, the purpose, in part, for use of written interrogatories is to ensure that the
21 questioned party may review relevant documentation in order to provide specific and
22 accurate answers. And we say that failing to properly review such necessary
23 documentation prior to answering interrogatories effectively hinders the overall benefit of
24 choosing to question by way of interrogatories in the first instance. In other words, what
25 we're suggesting is where is the discipline in the process; right? And what we are
26 suggesting happens here is that if monitors are simply able to provide responses without
27 reviewing relevant and material parts of their file, as has been specifically directed within
28 the written interrogatory, then it effectively renders the value of those responses suspect,
29 right.
30
31 We're not necessarily saying that this -- because I anticipate that my friend is going to say,
32 Well, you know, the monitor has limited resources and has to be cost-conscious. And we
33 don't want the monitor having to review everything on the file. This file's been going on
34 for a year, and that would be too onerous an obligation, right. I anticipate that that's the
35 response that my friend is going to be saying. But what we're suggesting is not that the
36 monitor necessarily has to review everything, but when we -- in the written interrogatory
37 itself, there are documents or correspondence that are specified, then it is necessary to
38 look at those subject matters and the documents that are specifically relevant to those
39 subject matters when answering a question because, otherwise, as I've said, there is
40 absolutely no discipline in the process.
41

1 It's already difficult to get written interrogatories ordered if -- and it's also difficult to do
2 what I'm doing now, which is to have to now argue for exceptional circumstances to allow
3 further and better responses. So if, in the first instance, the monitor is simply able to not
4 review specifically identified relevant and material information within its file prior to
5 answering the questions, then there's absolutely no discipline in the process; and there can
6 be no confidence with respect to the accuracy of the answers that are provided.
7
8 That is why we say that further oral examination is appropriate, and we point to the *Bell*
9 *Canada* decision at paragraph 8 -- and this is in paragraph 38 of our brief -- when it says if
10 further information is required subsequently to written interrogatory responses, oral
11 examination may be conducted. This may occur when a responding party is unresponsive
12 or aware there is an inability to derive accurate responses from a previous written
13 interrogatory.
14
15 So the solution, the discipline in the process that we're speaking of, comes from the
16 *Bell Canada* decision, which says that in the event that there is insufficient information
17 that is provided in the interrogatory, then the appropriate step is to move forward with
18 respect to oral examination. Effectively, the benefits of written examination to ensure
19 accuracy in answering more technical and clerical questions and allow for production of
20 documents more efficiently, those goals of written examination, we say, were undermined
21 by BDO's response and that that's why further written interrogatories would be
22 inappropriate and while -- why oral examination is the way to go. And, again, we cite the
23 *Dollman* case at paragraph 40 of our brief.
24
25 Further, with respect to the right to examine Court officers -- I said this at the outset, and I
26 think my friend agrees and this, again, from *Bell Canada* decision -- the statement that
27 Court officers cannot be examined on the content of their reports is an oversimplification
28 or overstatement of the law. And so a monitor is not offered a blanket protection against
29 examination through their role as a Court officer. Court officers may be examined on the
30 contents of their report in exceptional circumstances.
31
32 Now, with respect to the questions that were being asked, another aspect that was brought
33 up with respect to the objections was that the monitor says that many of the questions that
34 we are seeking answers to do not relate to the third report, but relate to prior events. And
35 they say, A-ha, you can only get us to answer questions if those questions are specifically
36 in relation to issues raised by the third report. On that point -- and we make this point in
37 paragraph 53 of our brief -- we state that the third monitor's report expressly incorporates,
38 by reference, all prior reports.
39
40 Accordingly, we say examination on those other reports or actions which are incorporated
41 by reference is entirely appropriate. Specifically, we reference paragraph 16 of the

1 monitor's report, where it states that: (as read)
2
3 > The third report should be read in conjunction with the Sayed affidavit
4 > and previous reports... as well as matters leading up to the
5 > commencement of the *CCAA* proceedings.
6
7 So the third report specifically references prior reports, it specifically references the Sayed
8 affidavit, and it specifically references matters leading up to the commencement of the
9 *CCAA*. So when we get to our questions, again, many of the questions that were objected
10 to or were refused were refused on the basis that they were not specifically found within
11 the third report.
12
13 Well, we say that paragraph 16, which incorporates all of this by reference, read in
14 conjunction with the purpose of interrogatories, right, and the purpose of our application,
15 which is the four corners of the application and not simply the four corners of the report,
16 when you read this together, we ought to be able to have questions answered that are
17 relevant and material to the application that we are bringing.
18
19 Now, I think it's probably time -- like I said, I don't want to simply stand up here and
20 reread the entirety of my brief. You have it now.
21
22 THE COURT: I am --
23
24 MR. CHIMUK: You can read that when you can --
25
26 THE COURT: I am going to stop you there just to make sure
27 that I understand what your position is. So the responses to the written interrogatories I
28 came across, I understand the concern about the format and the form and whatnot; but you
29 are saying that they gave some blanket denials -- or some blanket responses and do not
30 particularize what questions they are responding to. But the remedy that you are looking
31 for is not just a response to the five questions that they refused; but you are saying that
32 their overall approach, which included a failure to properly review their files, can only be
33 cured by now examining in person? And you are saying that that examination is a new
34 examination, in essence, in order to cure the faults that you say have occurred in their
35 responses to the written interrogatories?
36
37 MR. CHIMUK: Correct.
38
39 THE COURT: Okay.
40
41 MR. CHIMUK: That is the primary position. The alternative

1 position -- the alternative position, of course, would be a direction that they provide
2 answers to the questions by way of interrogatories. But our primary -- our primary
3 position is, in view of this -- like, effectively, what we're saying here is they attended for a
4 cross-examination on the fee affidavit; and they objected to almost every single question
5 that we asked, right.
6
7 THE COURT: Yeah.
8
9 MR. CHIMUK: It's just -- the transcript is replete with
10 objections. The objections with respect to the interrogatories, yes, they answered some of
11 the interrogatories but that there are many interrogatories that weren't answered but that
12 that, coupled with the fact that there was a lack of review of documentation, right, and
13 factual errors within those interrogatories means that -- I think that the best way with
14 respect to curing that would be to allow for just a cross-examination on the objected to
15 questions and the questions previously submitted by way of interrogatory.
16
17 So it wouldn't be -- it wouldn't be a completely open-ended cross-examination that we're
18 seeking, right. We're not suggesting that we get to cross-examine on anything; but, rather,
19 we would be looking for a specific direction that limited cross-examination be allowed for
20 the purpose of answering further and -- or providing further and better responses to
21 questions raised and/or objected to in the interrogatories as well as objections that were --
22 that occurred during the prior cross-examination. That would be what we'd be asking for
23 in the first instance.
24
25 The alternative form of relief that we'd be seeking would be for them to answer the
26 cross-examination questions and a direction that they provide further and better written
27 interrogatories.
28
29 THE COURT: Okay. So it is not just limited to the five that
30 they outright refused?
31
32 MR. CHIMUK: Yeah. Well, we say -- well, it's the five that
33 they refused as well as further and better. Like, what we've done here, Madam Justice,
34 and that's what I was going to take you to right now --
35
36 THE COURT: Okay.
37
38 MR. CHIMUK: -- because I think it's better to have a schedule
39 to look at. So we provided a schedule in our brief, schedule 'A' --
40
41 THE COURT: Okay.

1
2 MR. CHIMUK: -- where we listed -- part 1 is the interrogatory
3 questions by way of schedule with all of the interrogatory questions that we have a
4 problem with. And, then, it's part 2 of that schedule, we listed the objections during the
5 examination, as well. And so if -- anticipating that Madam Justice will want to see
6 exactly what it is that we're talking about, everything that's contained with respect to the
7 interrogatories is found at -- that we want answers to is found at schedule 'A' --
8
9 THE COURT: Okay.
10
11 MR. CHIMUK: -- starting at page 21 --
12
13 THE COURT: Understood. Okay.
14
15 MR. CHIMUK: -- of our brief.
16
17 THE COURT: Yeah.
18
19 MR. CHIMUK: Do you have that?
20
21 THE COURT: I do, yeah.
22
23 MR. CHIMUK: Would it make sense for us -- here -- again, I'm
24 here just to assist the Court would it make sense for us to walk you through this
25 schedule 'A', part 1 document?
26
27 THE COURT: I think that would be helpful, yeah.
28
29 MR. CHIMUK: Okay. So schedule 'A' -- schedule 'A', part 1
30 part 1 -- part 1 deals with just the interrogatories. And, then, part 2 that will be the
31 cross-examination.
32
33 THE COURT: Okay.
34
35 MR. CHIMUK: So we say that the responses to written
36 interrogatories failed to specifically identify the answer to each question. And the below
37 table is Coast's understanding of which portions of the answers were intended to be
38 provided and what we take issue with.
39
40 So the first question that you'll see on the table is question number 2. And we say: (as
41 read)

1
2 In June 2025, Coast Auto Group engaged Tim Lamb Group as a sales
3 agent. Why did BDO not continue with Tim Lambert once the *CCAA*
4 was initiated? How was this decision made? Who was involved in this
5 decision? Was this decision communicated to management? And if so,
6 to whom, when, and how? Please, provide all corresponding notes and
7 documents relating to this issue.
8
9 So that's what we asked for. And, then, you see there what they provided by way of their
10 response. And so our comment here is that the following questions were not answered:
11 They didn't provide evidence with respect to how the decision was made, who was
12 involved in the decision, as well as any of the corresponding notes or documents.
13
14 And the reason why we say that this is relevant and material, right, is because this
15 decision with respect to the Tim Lamb Group, we say that this calls into question the
16 independence of the monitor, right, as it pertains to our application to have the monitor
17 removed because what our theory of the case is and the purpose of cross-examination is
18 that the monitor has been taking steps at the insistence of BMO and has been utterly
19 disregarding any communication we we could get her, any cooperation we could get her,
20 and has refused to take other steps. And we say -- again, we say that this calls into
21 question the independence of the monitor or the ability of this monitor to continue in that
22 capacity.
23
24 Now, I want to be clear here when I'm making this point because I suspect that my friends
25 are going to conflate the point that I'm making right now, right. They're going to say, This
26 has all been proved, and Mr. Chimuk is just making a collateral attack on decisions that
27 have already been proved and done and that a collateral attack is not allowed. And now
28 here we are. We're at the end of this process. Mr. Chimuk shows up, and he has these
29 complaints. Well, he should have made these complaints months ago. That's what they're
30 going to say, right. And they're going to say, And this isn't relevant, Madam Justice,
31 because it relates to previously proved decisions. That's their point.
32
33 But my point isn't that, right. My point is that the reason why this is relevant and material
34 is because we have put the independence of the monitor into issue for the purpose of our
35 cross-application because what our cross-application is seeking is to remove BDO as
36 monitor. We're saying, You are no longer capable of continuing as an independent
37 monitor particularly when it relates to the only asset left, being the lawsuit against BMO.
38
39 So to the extent that you are not independent insofar as it concerns BMO, that's a
40 disqualifying feature and the reason why you ought to be replaced and a new monitor
41 needs to step in for the purpose of the disposition of that lawsuit against BMO assets,

1 right. So that's the reason why we say that it's relevant, and that's what goes to
2 independence. And that's a fundamental disagreement between ourselves and my friends,
3 in our view. They may have something different to say, or I have incorrectly anticipated
4 their position.
5
6 Now, if we go to the next question, we say: (as read)
7
8 What discussions were had with management relating to the SISP as
9 described in paragraph 2A of the third report? Please, provide details of
10 where, when, and how such consultations were conducted as well as
11 written material or correspondence that arose as part of those
12 discussions.
13
14 Okay. They provided their answer, which is listed there. But what was not provided?
15 We say they didn't provide details of where, when, or how such consultations were
16 conducted as well as any written material or correspondence arising from those
17 discussions. And, again, we say that this goes to the issue of independence because what
18 our position is -- and this is set out in the -- in the (INDISCERNIBLE) affidavit that we
19 submitted as part of our application where we say -- and this is the evidence before the
20 Court -- that management was sidelined here; management was not consulted, right; and
21 that Coast didn't have any input with respect to what was going on, which, again, we're
22 saying, if we get any answer to this, this is going to call into question the independence of
23 the monitor to continue on a go-forward basis.
24
25 Six: (as read)
26
27 Why was management removed from having any involvement with the
28 *CCAA*? How was that decision reached? Who was involved in that
29 decision? How was this decision communicated to management? If so,
30 to whom, when, and how? Please, provide all corresponding notes,
31 documents relating to this issue.
32
33 Again, this goes to that issue with respect to independence. This is -- this is our
34 complaint is that they sidelined management. Okay. And so if they're going to continue
35 as an independent monitor, we're saying, Then, please, provide this. Tell us why is my
36 client wrong in his affidavit? Please, provide the information that you have. And we say
37 that their answer is completely nonresponsive.
38
39 Number 7: (as read)
40
41 Who was involved in the decision to remove or diminish management's

1 role in the *CCAA*? Please, provide notes, correspondence, or documents
2 related to that issue.
3
4 Again, we say that they have a nonresponsive answer.
5
6 Nine: (as read)
7
8 Did BDO consult with management prior to the *CCAA* as to what the
9 intended action plan would look like? If so, please, provide details of
10 where, when, how such consultation was conducted as well as any
11 written or oral correspondence.
12
13 Again, we say that their answer is nonresponsive and does not indicate the fact that -- like,
14 their answer is that the monitor did not consult with management prior to the
15 commencement of the *CCAA*. Well, that flies in the face of the evidence that BDO was
16 actually retained prior to the *CCAA* by BMO to be a consultant on what the proper
17 pre-*CCAA* steps were being conducted. And so the fact that we have in evidence before
18 you, by way of affidavit, the fact that BDO was actually involved before the *CCAA* and
19 we have this answer, on its face, which seems to fly in the face of that, it's an issue.
20
21 Twelve: (as read)
22
23 Early in paragraph 17 of the third report who were (INDISCERNIBLE).
24 And, please, provide details, including meeting times, meeting details,
25 meeting notes, to the extent that the notes were kept, as well as any
26 correspondence or communication with management both prior to and
27 throughout the *CCAA*.
28
29 Again, we say this is nonresponsive.
30
31 Thirteen: (as read)
32
33 Please, provide details including dates, times, and notes taken, copies of
34 correspondence regarding discussions with management referenced to
35 paragraph 23.
36
37 Because they reference that they had discussions with management. We say, Well, our
38 affiant says that you didn't. So, please, provide -- and your -- and your report says that
39 you did. So can you, please, provide your notes with respect to that. And they refused to
40 provide them. In fact, they refused to even look at them. Like, this is our complaint here,
41 right. They're saying things in their third report that are directly contrary to the evidence

1 that is before the Court from my client. And then we're asking them to produce backup
2 documentation to explain why this is -- or how this is possibly the case. And then they
3 refuse to answer the question, they refuse to provide any information, and they refuse to
4 even look for the information. They say, That's not our job. That's going to be too
5 expensive. We won't even look for that. Well, we say that response is too cute by half.
6
7 Eighteen, "Why is BDO seeking assignment in bankruptcy?" Again, this is, like, the heart
8 of our application because we say that seeking a bankruptcy is wrongful and seeking a
9 bankruptcy should not be done and that the reason why they're seeking a bankruptcy is to
10 kill the lawsuit, right, which is the one remaining asset that we have in the -- in the estate.
11 That's our position with respect to that. And so we said: (as read)
12
13 Why is BDO seeking assignment in bankruptcy as set out in paragraph
14 10E6 of the third report? How was that decision reached? Who was
15 involved in that decision? How was this decision communicated to
16 management? If so, to whom, when, and how? Please provide all
17 correspondence, notes, documents relating to this issue.
18
19 And, again, we say that this answer is nonresponsive and they don't give any answer with
20 respect to how this decision was communicated to management as well as the backup
21 documentation.
22
23 Nineteen: (as read)
24
25 Has there been any consultation with management with respect to
26 assignment in bankruptcy as set out in paragraph 10(e)(6)? If so, please
27 provide details of where, when, and how such consultations were
28 conducted as well as any written material or correspondence that arose
29 as part of that discussion.
30
31 We, again, say that their answer is nonresponsive. And, again, it's, obviously, relevant
32 material to our application because it's talking about the appropriateness of the
33 bankruptcy, which the heart of -- it's the heart of the contents.
34
35 And, then, 23: (as read)
36
37 Why is the *CCAA* not being concluded with post (INDISCERNIBLE) in
38 the control of management? How was that decision reached? Who was
39 involved in that decision? And how --
40
41 You know, again, you can read for yourself there. But this goes to the heart of the

1 application. So those -- what I just read to you, those are the written interrogatories that
2 they provided answers to but we say they did not provide specific answers to.
3
4 THE COURT: Okay.
5
6 MR. CHIMUK: So those are the specific questions that we want
7 to cross-examine on. And the reason we want to cross-examine them on, as opposed to
8 interrogatories, is because we say we gave them their shot. We asked the question by way
9 of interrogatory. The response was nonresponsive. We want to be cognizant and efficient
10 here and not having to come back to court again. You know, then we get a response. I'm
11 not happy with the response or I have a followup question. Now we're back in front of
12 you again. We're depleting the value of the estate. It's wildly inefficient. Instead, let's
13 just show up. I'll ask those questions. I can ask limited cross-examination issues relating
14 to logical followups. If they want to object, they can object. But, to me, that seems the
15 most efficient way of dealing with those, what we say are insufficient answers.
16
17 And, then, with respect to the refused questions, right, question 1: (as read)
18
19 On September 23rd, 2024, BDO provided the applicants with the BDO
20 memorandum. So September 23rd, 2024, is pre-*CCAA*. As set on the
21 founder claim, please, confirm whether management implemented the
22 recommended steps.
23
24 They said that's irrelevant. That's pre-*CCAA*. Well, that flies in the face of the fact that
25 the third report expressly states that it should be read in conjunction with matters leading
26 up to the commencement of the *CCAA* proceeding. So because they incorporate
27 pre-*CCAA* material by reference into the third report, we say that's fair game by way of
28 question; and it's, obviously, also clearly relevant and material to issues relating to the
29 independence of the monitor and steps that have been taken to date.
30
31 Second objection, we asked: (as read)
32
33 Was BDO approached by any law firm seeking to represent any one or
34 more of the applicants or waiver of any real or perceived business
35 conflict? If so, please provide details, including names, quotes, the rest
36 of it.
37
38 Again, they say this is irrelevant and outside the scope. Well it's not because, again, this
39 is the evidence that's already before the Court by way of our applicant. And it's part --
40 and it's part of our position with respect to why we say that BDO was in conflict because
41 we hear today, you know, we heard in December, and we heard at the last application by

1 both BDO and BMO that, Look, Coast has been present throughout these proceedings.
2 Coast could have objected at any time. Why is Coast coming late to the game? We've
3 heard ad nauseam over and over again that position.
4
5 But what our position, right, is that the lawyer that they had was in conflict and couldn't
6 act against the bank, right, and that BDO is aware of this. And this is important. And
7 they're refusing; they're not saying, No, Madam Justice. They're not saying, You're
8 wrong. Get out of here. There's no merit to that. That's not what they're saying. They're
9 saying, We don't want to answer that because that's irrelevant. Well, we say it is relevant
10 to issues of impartiality and their ability to continue as a Court officer in these
11 circumstances when the only asset remaining is a lawsuit against BMO.
12
13 Number 10: (as read)
14
15 Was BDO involved in the negotiations, finalizations, or performance of
16 the forbearance agreement, the guarantees? And if yes, please, provide.
17
18 Again, I'm not going to belabour the point. It's the same point I've been making. 12B:
19 (as read)
20
21 Further to paragraph 17 of the third report, please, provide
22 correspondence between BMO and BDO.
23
24 They refused that. "Please, provide details with respect to their" -- they say that they were
25 meeting with management. And, again, they refused -- they refused to provide that: (as
26 read)
27
28 Why is BDO having discussion or consultation with management with
29 respect to the allegations in the -- set out in the founder claim?
30
31 They say that there's a lack of clarity. I don't understand how we can not be any more
32 clear: (as read)
33
34 Why has BDO had no discussion with or consultation with management
35 with respect to the allegations set out in the founder claim? How was
36 that decision reached? Who was involved in that decision? Please,
37 provide all correspondence, notes, and documents relating to that issue.
38
39 And they said, Lack of clarity. Well, this is why we say we need to cross-examine, right,
40 because rather than you have a letter writing campaign back and forth, well, let's just
41 cross-examine.

1
2 And so, in any event, those are the written interrogatory questions that we have. We also
3 have -- and I'll be quicker here just because I'm cognizant of time. At part 2, which starts
4 on page 32, all the way through to page 47 -- 46 -- sorry -- of our -- of our brief, we have
5 part 2, which is all of the objections from the cross-examination. And you can -- you can
6 read those for yourself. I'm not going to take the Court through it other than to say --
7 unless you have specific questions -- other than to say that what we've referenced is the
8 transcript of -- the location of the question in the transcript, the objection -- the objection
9 to those elements, basically.
10
11 And, then, our comments. And our comments provide why we think it's relevant. But the
12 essence of the questions of cross-examination were they took the position that -- on the
13 cross-examination on the fee affidavit that we were strictly confined to the four corners of
14 their affidavit, that we can only ask questions as it related to time that was spent on the
15 fees. And that is just a (INDISCERNIBLE) position. In our brief, we have the law that
16 sets out well known law that is four corners of the application, not the four corners of the
17 affidavit. And the fact that it's our position that in order for us to appropriately examine
18 or challenge the fees is imperative for us to know the underlying reasons for decisions that
19 were made, reasons for the time entry, right.
20
21 If you're looking at building, we're saying, We want to look at the foundation. We just
22 don't want to see the roof and the walls. We need to go into the foundation because if we
23 are going to say that this building is faulty, that your fees are inaccurate, that your fees
24 should not be allowed, there's a problem. For us to do so, we need to go right down into
25 the foundation of why you incurred those fees, the justification for why those steps were
26 taken. And that goes to us challenging why we think, you know, whether those were or
27 were not sufficient.
28
29 You know, for example, I note that in the latest monitor's report, right, they're indicating,
30 somehow, whatever it is, you know, $600,000 are going to be spent, somehow, on dealing
31 with our application and cross-applications. Again, I suspect that I'll be challenging that
32 one, too, on the basis of, Okay. Well, how exactly is that going to work? But, again,
33 here, with respect to the fee application objections, that's essentially what our -- what our
34 questions are. And I think all of these answers are going to be determined one way or the
35 other, depending on how the Court chooses to decide. Are we strictly limited to asking,
36 you know, did you actually spend 30 minutes, or was it 24 minutes? Can I ask only that
37 type of question, or can I actually ask substantive questions to get to the heart of the logic
38 behind why those steps were taken?
39
40 So I think that summarizes my submissions with respect to why we feel that further and
41 better answers ought to be awarded. Like I said, in the first instance, what we would be

1 looking for is for them to attend a cross-examination to answer or be cross-examined on
2 the specific areas that were identified at schedule 'A' to our brief and, alternatively, that
3 they answer their objections and provide further and better written interrogatories.
4 Subject to any questions that the Court may have, those are my submissions.
5
6 THE COURT: Understood. Thank you. Okay. Who is going
7 to be responding first? And, then, the other query I have is whether we should take a
8 quick midmorning break before we launch into the response to that application.
9
10 MS. BOURASSA: Okay. I think I am up next. And I think a break
11 makes perfect sense --
12
13 THE COURT: Okay. Okay.
14
15 MS. BOURASSA: -- and structure.
16
17 THE COURT: Okay. Let us take a break, then, until 11:30.
18 And we will come back at 11:30, then. Thank you.
19
20 (ADJOURNMENT)
21
22 THE COURT: Okay. Now, before we get going, just so
23 counsel is aware, I just had a quick conversation with the powers that be about
24 rescheduling the substantive application because, of course, I think you are going to need
25 a full day for that, which also means that the Justice hearing that is going to need a
26 reading day, as well.
27
28 There are some dates available coming up. I do not know what your schedules are. None
29 of the dates are in front of me, so I would urge you all to reach out to the coordinator's
30 office sooner rather than later before they get snapped up. But there is a couple of
31 options, sort of, into March; and there is, I think, a space available April 1st or 2nd, as
32 well. So, anyway, I just wanted to mention that so that that does not get lost in the -- in
33 the kerfuffle today.
34
35 All right. Ms. Bourassa, go ahead.
36
37 **Submissions by Ms. Bourassa (Further and Better Answers)**
38
39 MS. BOURASSA: Thank you. So I'd like to begin here by saying
40 that there is some clarity required. My friend began by taking you to the
41 cross-application. He referenced the bankruptcy relief. And I'd like to make it clear that

1 was only one piece of the relief being sought. And my friend is just wrong that a
2 bankruptcy would make this founder claim obsolete. As I'm sure the Court is aware, there
3 is a process. If this truly is an asset of the estate, this litigation, then there is an ability for
4 a trustee to advance the claim. If there is no funding for the trustee to advance the claim
5 when asked by creditors, section 38 has a complete process for this whereby a creditor
6 can take up the claim and advance it.
7
8 So the bankruptcy does not change the fact that this claim is there. And, you know, I
9 don't feed to speak to its merits. That's a separate point. Additionally, that was only one
10 piece of the relief being sought. And if that was the limited concern of my friend, I'm sure
11 it could have been dealt with a lot more effectively and efficiently than the, you know,
12 2 months plus that we've spent litigating this issue.
13
14 The other matter is the questioning on fees and the applications and broad allegations that
15 were made. My friend says this is not about the litigation. He says it's about their
16 cross-application, which appears to be an application whereby they are seeking, frankly,
17 to rewrite the history of this *CCAA* case. The monitor is not asking to stay in place. The
18 monitor, in fact, was seeking its discharge and was seeking the termination of the
19 proceedings.
20
21 If my friends are of the view that there is a separate *CCAA* that should be commenced,
22 that would be a debtor-initiated *CCAA*, there's nothing to stop them from commencing
23 those proceedings when these proceedings terminate. But to do anything else risks going
24 back and rewriting court orders and rewriting the history of this case, which, in our view,
25 is frankly helpful to their litigation and is not factually supported.
26
27 So I do want to go into some of the background because I believe it is relevant. And the
28 starting point is that the plaintiffs have been represented by counsel throughout these
29 proceedings. My friend raises issues today that that counsel was conflicted. That is not
30 an issue of the monitor. If counsel was not properly able to represent the plaintiffs in
31 these proceedings, that is a matter as between the plaintiffs and those former counsel. We
32 all, as counsel, have obligations to the Law Society. And if they were not properly able to
33 represent their clients, then that is between them. That is not a matter that can or should
34 be brought into the *CCAA*.
35
36 The latest -- not only were they represented by counsel, they were either -- other than the
37 initial order application where they were served but were not present and unrepresented
38 by counsel, they were present and represented by counsel at the amended restated initial
39 order application, which included the relief sought relating to the extent of powers of the
40 monitor. They were present for the sale and investment solicitation process, the SISP
41 order, including the engagement of DSMA. And I flag this because these go to some of

1 the questions that my friends asked in their written interrogatories, which our view is they
2 are already answered or they are irrelevant and in many cases they were the subject of
3 court orders.
4
5 They (INDISCERNIBLE) the late break in adjournment to the October 16th application.
6 And that was the application where the monitor was seeking approval of the sale of the
7 two dealerships. Those are the primary assets -- or were the primary assets of Coast, such
8 that we are in a situation now where there are really no assets. There are some minor
9 residual matters that are being wound up, but there is nothing left to do in these *CCAA*
10 proceedings. If my friends want to commence a *CCAA* proceeding for the purpose of
11 advancing this litigation against BMO, that is their option; and there's nothing that the
12 monitor is seeking to do that, frankly, would stop them from doing that.
13
14 At the October 16th hearing, counsel for the plaintiffs indicated that they would be
15 bringing a claim. And you would have seen the transcript of those proceedings, which
16 was marked as an exhibit for identification to Mr. Rendawa's questioning in January. And
17 in that case, Justice Mah made the comment that he would not approve the monitor's
18 activities because he didn't want to foreclose a potential claim. At the time the claim was
19 indicated, in relatively vague terms, to be a claim the BMO and/or the monitor.
20
21 Well, since that time that claim has come forward. It is the founder claim that was
22 reported on in the December materials that you indicated you have before you today and
23 you had before you in December. That claim does not name the monitor. It doesn't name
24 BDO. It doesn't raise any allegations in respect of BDO. It is purely a claim against the
25 Bank of Montreal. And so with that is yet another reason that the *CCAA* proceedings
26 should be allowed to continue, and the monitor should not be pulled into the fray as a
27 litigant. And that is what my friends are trying to do in the relief that they're seeking
28 today and in the cross-application.
29
30 So all of this is relevant because it relates to the litigation schedule. And, frankly, until
31 today the applicants have not been entirely clear what the purpose of their
32 cross-application is. This is the first time they've made it entirely clear that their intention
33 is to advance a *CCAA* proceeding with the litigation as an asset. But, again, these are very
34 vague assertions. They say that there will be funding, but there is no evidence before you
35 of funding. And they say there will be a plan, but they've not -- they've failed to meet the
36 *CCAA* initial order test of, you know, a kernel of a plan.
37
38 The claim against BMO is a completely different action number; it is a different
39 proceeding. And, as noted, none of the relief being sought by the monitor in the
40 underlying application from December limits the claims against BMO; and that's
41 especially true in light of the fact that the two primary assets were sold, pursuant to court

1 orders, which approved the sale transactions and the methods to come to those
2 transactions.
3
4 The relief that's sought -- my friend is correct that we rely on the same law and the legal
5 test. But how that legal test is interpreted and characterized, we differ on; and we
6 particularly differ on whether the evidence is available to support the extraordinary relief.
7 So far the plaintiffs have made bold and unsupported assertions as though saying
8 something makes it so, including multiple references, including in my friend's
9 submissions, to contradictory statements in sworn affidavits. Not once in any of the
10 material filed have my friends pointed directly to a contradictory statement. Sitting here
11 today, I do not know to what they refer.
12
13 I would also note that there are two affidavits that have been sworn by Mr. Lonergan, the
14 representative of the monitor, in these proceedings. The one was in the fee affidavit that
15 was before Justice Mah at the October 16th hearing and in respect of -- in respect of the
16 approval at that time, which the approval Justice Mah granted. The other is the affidavit
17 for fee approval that was in front of you in December with respect to approval of those
18 fees. Those are the only two sworn statements.
19
20 But even if you go beyond that, my friends have not indicated where these contradictory
21 statements exist as between any of the monitor's reports, the answers to written
22 interrogatories, the answers given at the questioning, and the responses to undertakings
23 that were provided all were not. Over the past 4 months, what has happened is my friends
24 have delayed these proceedings; delayed the wind down of the proceedings; delayed their
25 ability to get on with their claim, quite frankly; and have caused additional expense to the
26 estate while trying to pull the monitor into litigation.
27
28 So let's start with a preliminary matter, which is my friends conflate and confuse the
29 monitor in its role as Court officer and monitor and BDO as a corporate entity who was a
30 financial advisor. I think, as the evidence shows, they were financial advisor to the Coast
31 Group and then they were financial advisor to BMO before becoming -- before becoming
32 monitor. But all of that was before the Court. The monitor has been transparent about
33 that, that it has sworn in these proceedings.
34
35 And, in fact, at the pre-filing report that was before the Court at the initial order
36 application, the monitor made clear that they had been involved with the -- that BDO --
37 and let's be clear because they're two different entities. BDO has been involved with
38 respondents and the applicant, being BMO, since August 2024. Through that
39 involvement, they gained detailed understanding of the respondent's financial position,
40 capital structure, and operations. They then went on, in the pre-filing -- this is just so you
41 have the references if you do want to look at these after this -- this is the pre-filing report

1 of the monitor, paragraphs 9 to 11, and then continuing on at paragraph 26 and following.
2
3 The Court had this information -- had all the information with respect to the monitor's
4 pre-filing involvement prior to its appointment as monitor when the Court made the
5 decision to appoint BDO as monitor in July of 2024. So the Court was satisfied that there
6 was no conflict of interest. And my friends now claim that the work that was done prior
7 to the filing somehow puts BDO in conflict at a stage in the proceedings where, frankly, it
8 is just trying to wind down the proceedings and get its discharge.
9
10 So I just wanted to be clear because my friend makes it sound as though the monitor is not
11 doing its job by not responding to questions that were framed in the context of the
12 monitor's third report but related to BDO's involvement as financial advisor prior to the
13 filing. And we maintain that, while in the litigation, those may be matters that my friends
14 may want to dive into. They need to do that through the discovery process in the
15 litigation.
16
17 And in respect of Bank of Montreal, they have not asked questions of Bank of Montreal
18 or Bank of Montreal's deponent, Mr. Sayed, who swore the affidavit in respect of the
19 initial order. They simply asked written interrogatories, which are intended to be
20 clarifying on matters discussed in the report. And I will go into some level of detail on
21 that as my friend did; but I just want to make it clear that the questions that they are
22 saying either were not answered or were not answered adequately, we say weren't proper
23 written interrogatories, but were, rather, just a fishing expedition.
24
25 And I would note my friend made a comment during his submissions. He said that this
26 wasn't about the litigation; this was about cross-application. But then he did say, and their
27 materials say, that they want to use the responses to bolster their case. And so I would say
28 this is just clear that they are doing exactly what we said is they are trying to pull the
29 monitor into the fray, make the monitor a litigant when the monitor is not -- the monitor is
30 an impartial third party here.
31
32 So let's talk about the relief they're seeking and the cross-examination. So, as noted, there
33 isn't a dispute as to the law or the test. The test is that there need to be extraordinary,
34 unusual, exceptional circumstances. But the law is also that the burden of proving that
35 such circumstances exist is on the party seeking to cross-examine the monitor. And my
36 friends have provided no evidence or facts to support that assertion. It's a mere assertion.
37
38 And I would like to take you to two of the cases that are in the materials; and you don't
39 need to turn to them unless you want to, but I can just give you the references. The first is
40 *Confectionately Yours*, which I can tell you where it's attached if you did want to turn. It's
41 tab 3 -- I guess we still call it tabs even though it's all hyperlinked -- tab 3 to our report,

1 and it's paragraph 4 there. And this goes to my friend's discussions about the fee affidavit.
2
3 And here we have the party looking to cross-examine the receiver in that case. And the
4 Court says, Counsel -- to the party looking to question: (as read)
5
6 He has not provided any factual evidence/background to substantiate
7 that there were unusual circumstances in this regard. In essence his
8 main thrust is that the bills were too large -- as a result of the hourly rate
9 of everyone involved being too high and that too many hours were
10 expended.
11
12 And, then, in paragraph 5 the Court goes on to say: (as read)
13
14 I do not think that this is a proper case in which to exercise my
15 discretion to allow cross-examination. Mr. Pape has not established any
16 grounds for doing that.
17
18 And the other case I would take you to is the *Pinnacle* case. And in this case -- and I
19 would say this is very similar to the circumstances that we have here as I speak about the
20 assertions of my friend. At paragraph 30, the Court is referring to the 114 questions that
21 were asked of the receiver which related to the receiver's relationship with the companies
22 and Red Ash prior to adjourning the receivership. Then the Court says: (as read)
23
24 Those questions are nothing more, in my view, than a fishing expedition
25 to see if Equistar can uncover some sort of impropriety which it suspects
26 may have occurred but of which it has no proof. In that regard, it is
27 instructive that Equistar has provided no evidence of impropriety before
28 or during receivership. All it has are suspicions of impropriety which is
29 not sufficient to elevate its questions into the reasonable category.
30
31 And so that is our -- those are our submissions on my friend's mirroring assertions. But I
32 did want to take you to schedule 'A' of our brief. And I'm not sure if you got the
33 opportunity to review that before the hearing. But this goes to my comment earlier about
34 there being bold assertions and statements, but no evidence behind them.
35
36 So in reference to the applicant's -- plaintiff's brief, at paragraph 9, they say: (as read)
37
38 On or about July 16th, BDO effectively removed the company's
39 management and took control of operations as Court-appointed monitor.
40
41 The monitor did not remove management. And this, again, goes to a conflation that my

1 friend has. He conflates ownership, who appear to be his clients, with management. The
2 monitor has made it clear in its materials, including the responses to the written
3 interrogatories, that when they refer to "management," they're referring to the general
4 managers of the dealerships and the director of dealership accounting treasury.
5 Management was not displaced; management continued on in that role. And the monitor
6 was simply exercising its expanded powers as granted by the Court.
7
8 At paragraph 9, they talk about, after representing to Court in the initial application that
9 ownership would be continually involved in operations, that continued involvement of
10 ownership and management was critical, yet they haven't pointed us to that
11 representation. The transcripts are available, and there is no such representation made.
12 Them saying it in Mr. Rendawa affidavit, them saying it in their brief do not make it so.
13 And I would note that, in Mr. Rendawa's questioning, he asked him if he attended that
14 hearing; and he did not.
15
16 Then, at paragraph 10, they talk about the ownership group being removed by BDO on
17 instruction on BMO and that BDO and BMO orchestrated the removal of the ownership
18 and directors from operational control. Operational control was granted by the initial
19 order. Operational control was not removed -- I mean, I suppose you could say it was on
20 BMO's application, but it was a court order that removed operational control. My friend's
21 assertion doesn't make their assertion fact.
22
23 Then, at paragraph 11, they talk about BMO and BDO attending Court on July 25th for an
24 extension of the stay and stating that ownership was still involved. Again, neither the
25 monitor nor BMO made this representation. We've reviewed the transcript. We did not
26 see this representation. And on questioning, Mr. Rendawa indicated that he was not at
27 this hearing either.
28
29 BMO and BDO used the *CCAA* process as a vehicle for controlled enforcement. The
30 *CCAA* expects -- expressly grants standing to creditors to commence proceedings. That's
31 what this was. This was a *CCAA* commenced by BMO. Whether that's proper use or
32 improper use, the Court, obviously, thought it was because they granted the initial order,
33 and they granted the RAO. The same with the granting of the expanded powers. These
34 were all subject to court orders. And to suggest that there was some impropriety to it over
35 6 months after the orders were granted, I just -- I don't know how we can deal with that in
36 this -- in this format and at this time.
37
38 Then they speak about at -- and this is paragraphs 14 and 16 -- they speak about warnings
39 that the *CCAA* would depress valuations and, despite that, BMO pushed forward,
40 resulting in a reduced pool of buyers and lower offers. And then they talk about the loss
41 of value resulting from the stigma of the *CCAA*. This is an unsubstantiated claim. The

sales process was conducted by the monitor in accordance with the Court-approved SISP. The transactions were approved by the Court. The Court made findings that they were the highest and the best value in the circumstances, and they were supported by BMO as the primary economic stakeholder.

I'll leave the rest to you. But the point here is simply to say there are various allegations in Mr. Randawa's affidavit that are then relied upon and referenced in the brief, but they are not supported by fact. They are, in fact, statements that are entirely unsupported when you scratch the surface, including on questioning of Mr. Randawa.

So, then, I'd like to turn to another complaint of my friends, which is that the responses to written interrogatories were not in the right format. And there's no authority to support their position. They reference the Rules of Court, but they reference the Rules of Court relating to the discovery process. Written interrogatories are not a form of discovery; they are a way to clarify and seek clarity about matters in the monitor's reports or receiver's report. And the monitor is not a defendant here. The monitor isn't a litigant. This is not pretrial discovery. But as I've noted, it seems like this is what they are trying to use, is they're trying to use the written interrogatories as pretrial discovery.

I want to note a few things about the actual responses, as well, which are attached to our compendium. And the first is there is concern that it is not clear what questions we're answering. The responses to written interrogatories very clearly refer in each section to the questions that are being responded to. Some of the questions overlapped, and it made no sense to provide individual and repetitive responses. And so responses were provided in groupings. For example, questions 4, 5, 6, and 7 all dealt with powers that were granted to the monitor in the initial order and management. They were all responded to together.

The other thing is my friend has repeatedly referenced the fact that the monitor did not properly inform himself or itself in responding to the interrogatories; but, again, they do that by only reading half of what is contained in the responses. The responses clearly say that the monitor has not reviewed its file to produce correspondence, notes, documents, communications, et cetera, that this would result in unnecessary additional expense to the Coast Auto Group and is outside the scope of written interrogatories of the Court.

And for that purpose, I do want to just take you to -- I do want to take you to the law on that, as well. And so there are a few different places this comes up. In the *Goshen* case at paragraph 59, there the Court was denying examination of the Court officer and said: (as read)

> Permitting a broad-ranging examination of Mr. Sirrs on the wide scope

1 of topics suggested so that Goshen can gather evidence to support
2 various complaints against the SHA and the Ministry would be
3 incompatible with the receiver's role as a neutral and objective court
4 officer. The receiver is entitled to protection from undue involvement in
5 the adversarial process.
6
7 Additionally, at paragraph 54 of *Goshen* -- I just need to get there -- the Court notes -- and
8 this is halfway down the paragraph: (as read)
9
10 At the same time, MNP declined to answer questions that were overly
11 broad or irrelevant, that concerned MNP's alleged conflict of interest, or
12 that related to potential competition law implications of the sale to the
13 SHA. In my view, MNP met its obligation to provide the debtor with
14 clarifying information concerning the sale process.
15
16 Also, in *Battery Plus* at paragraph 21, the Court says: (as read)
17
18 To allow all people involved in this Interim Receivership to
19 automatically be entitled to access to all of the documents which came
20 into the Interim Receiver's hands could cost the Interim Receivership to
21 waste untold hours for no purpose. I am satisfied that, while there is
22 right of an interested party to certain relevant documents, these
23 documents must relate to a specific purpose. That right does not entitle
24 Badr to go on a fishing expedition.
25
26 There were no specific documents that were requested. If that were the case, that might
27 have been a different answer. But, instead, as my friend took you to, if you look at their
28 written interrogatories -- and I believe he took you to a few of these, but, for example,
29 question 2 is speaking about the engagement of Tim Lamb Group. And then he -- it goes
30 on to say, "Please, provide all correspondence, notes, and documents relating to this
31 issue." Who knows how many documents that could entail? But it is a fishing
32 expedition.
33
34 In question 3, they ask about discussions that were had with management relating to the
35 SISP and then say: (as read)
36
37 Please, provide details of where, when, and how such consultations were
38 conducted as well as any written material or correspondence that arose
39 as part of that discussion.
40
41 And in question 4, they do the same. In question 4, they're talking about the expanded

1 powers: (as read)
2
3 Please, provide details of where, when, and how such consultations were
4 conducted as well as any written material or correspondence that arose
5 as part of that discussion.
6
7 These are broad discovery-type questions, and I query whether they would even meet the
8 threshold on discovery. But they're not proper written interrogatories of the monitor.
9
10 So going on to the law here, we are agreed that there need to be -- there need to be
11 extraordinary circumstances. My friends say the circumstances are extraordinary, but
12 they haven't told us how or why they are extraordinary. And in paragraph 38 of our brief,
13 we reference the *Big Sky* case, in particular at paragraph 4. And this really goes to the
14 crux of it. And in this case the Court was talking about why and how caution should be
15 used when there is a request to examine a Court officer.
16
17 And they go on to say it's because, "Most Court officers -- most receivers in doing their
18 jobs usually offend the parties against who the receivership is ordered." That is squarely
19 the case we are in today. My friend represents a group of people who include the debtor
20 companies who are subject to the *CCAA* proceedings and ownership of those entities.
21
22 On the written interrogatories, as I've noted and as the law states, requests for
23 interrogatories have to be limited to those that are feasible and relate to a specific
24 purpose. My friend has not given a specific purpose. He says they want to remove the
25 monitor. The monitor is seeking its discharge. He has said -- and I will get into the fee
26 affidavit, but that they have questions on the fees. And that is something separate and
27 apart from written interrogatories.
28
29 The other point is that the questions -- the reasonableness of the questions has to be
30 looked at in the context of the *CCAA* proceedings. These are *CCAA* proceedings where
31 the two main assets have been sold, pursuant to a Court-approved sale process; and
32 transactions have been approved by court orders. So it's unclear what opening of the
33 kimono is necessary about matters that are already the subject of final court orders.
34
35 At paragraph 47, we attempt to summarize what my friend took you through in
36 schedule 'A' of his brief. So, first, they suggest that 12 of the monitor's responses to the
37 written interrogatories are (INDISCERNIBLE). But there are, really, three categories
38 here: one, the suggestion that the monitor only responded to a portion of a question; two,
39 what they call "nonresponsive answers"; and, three, refusal to respond to broad,
40 unspecific requests for all information material.
41

1 So, as we've noted, it's our view that these are not proper questions that do not need to be
2 answered by the Court officer. So if you go to my friend's materials, for example,
3 question 2, that question was responded to in full. They say, "How was the decision
4 made?" The response is, "In consultation with BMO." And they ask who was involved in
5 the decision. If you go to the first report that is referenced in this answer, there's further
6 detail there; but this was a decision of the monitor in consultation with BMO. That was
7 what the monitor was required to do, and that is what the monitor did. So there are --
8 there are areas like that.
9
10 As to why my friends find the responses nonresponsive, we don't know. They haven't
11 provided any explanation. As I indicated on February 6th, they have our responses for 2
12 full weeks before they even raised the flag that they may have some dispute with them.
13 Additionally, they haven't followed up with respect to question 25; and that's the question
14 where they ask whether we discussed the founder claim with management. It's not clear
15 to me how that relates to the third report or the termination of the proceedings. It clearly
16 relates to what my friends have made clear today that their idea is to continue the *CCAA*
17 proceedings. But they could have explained that to us at the time.
18
19 And, then, further, I would just come back to the final point that I was making on
20 materials, which is that stakeholders aren't entitled to broad request for materials. And
21 the Court in *Battery Plus* has noted that that would waste untold hours for no purpose. If
22 there is a legitimate reason for a creditor to require access to specific materials, the
23 request should be made with specific detail as to the documents being requested. That's
24 in the *Turbo Logistics* case at paragraph 24.
25
26 So my friends then talk about the questioning of the monitor on the fee affidavit, and they
27 repeat several times the number of questions that were objected to. But all of the
28 questions that were objected to were in and around the same thing, which is they were
29 collateral topics and did not go to the approval of the monitor's fees or the time entries
30 that were included.
31
32 So if I take you -- my friend said it was important to go to the cross-application. And
33 when I go to the cross-application, under the remedy sought 1C, they say: (as read)
34
35 Authorizing the cross applicants to examine the costs and fees incurred
36 by the estate to determine whether said costs and fees are reasonable or
37 proper.
38
39 And then they go on at paragraph 8 to say that: (as read)
40
41 They believe the monitor has not extended the actual time, as alleged, in

1 undertaking its duties concerning the businesses and breached its duties
2 as an officer of the Court. They seek to cross-examine on affidavits to
3 properly put these issues before the Court for determination.
4
5 Not a single question in the transcript of Mr. Lonergan's questioning asked about a single
6 time entry. Not once did my friend say, On this date, you say you did this. Tell me about
7 it. And so my friend says, Well, surely, that was not what I was required to do. But at the
8 end of the day, if questioning on a fee affidavit, which was put forward only to support
9 approval of fees and not to support the third report, as my friend indicated in his materials
10 or for my other purpose, if broad questions about the monitor's activities and about the
11 monitor's reports and the monitor's responses to written interrogatories could be -- could
12 be asked on a questioning on a fee affidavit, it would take away the whole point of Court
13 officers not being questioned on their reports. And so it's just nonsensical.
14
15 I would like to note, also -- and I think this is important because my friend has made all
16 sorts of applications in his materials and today -- there were two questions that were taken
17 under advisement on Mr. Lonergan's questioning. They were, in our mind, at least
18 peripherally related to the fees incurred in the fee affidavit; and, as a result, responses to
19 those -- to those undertakings were provided to my friends. And those are included in the
20 compendium that was sent to you.
21
22 By contrast, the plaintiff's counsel has taken -- provided answers to none of the
23 undertakings given at Mr. Rendawa's questioning; and we are no further enlightened with
24 respect to those matters. He has not provided any clarity on any of the matters that
25 were -- that were either taken under advisement or where undertakings were granted in
26 either the questioning by myself for the monitor or the questioning by Mr. Haske
27 (phonetic) for BMO. And so I would say this goes to the underlying thrust here. The
28 monitor is doing its best as Court officer, is not in the fray, but is seeking this Court's
29 protection of its Court officer to not be dragged into the fray.
30
31 So those were, generally, the matters in our report that I wanted to take you to. There
32 were a few things that I wanted to just flag from my friend's submissions. So one thing --
33 and this is a bit of a minor point, perhaps, but my friend suggested that if they're not
34 happy with the responses to written interrogatories that they should be immediately
35 entitled to a questioning under oath. Our view is I'd like specificity as to how they view
36 the responses as lacking. And I went through my friend's chart. And, as indicated, there
37 are the failure to provide broad documentary requests without any refinement or
38 specificity as to what exactly they're looking for. Those, we say, are not required to be
39 responded.
40
41 There is a conflation between management and ownership where a question has been

1 asked, you know, for example, about management being removed. Management was not
2 removed; ownership was removed. It was removed by the initial order. That has nothing
3 to do with the monitor's third report. I think these questions that they say are not
4 responsive are, frankly, just in the materials.
5
6 Also, when you go through their statements, I would encourage you, assuming you take
7 this away, to look to the paragraph numbers that they reference. You know, for example,
8 question 3 says, "What discussions were had with management relating to the SISP as
9 described in paragraph 2A of the third report?" If you go to paragraph 2A of the third
10 report, you will see that paragraph 2A of the third report is the paragraph that states the
11 relief that was provided in the initial order to a SISP, among other things. Pursuant to the
12 initial order, the Court granted an initial stay of proceedings, et cetera. And there are
13 various places where references are had like that.
14
15 Another is with respect to discussions with management relating to the cash flows, and
16 they refer to paragraph 23 of the report. Paragraph 23 of the report is the mandatory
17 language where the monitor indicates that he's reviewed the cash flow statement to the
18 standard required of a Court-appointed monitor and has conducted the relevant inquiries.
19 I think what they're saying -- and my friend did say this in his submissions. He said, We
20 have a sworn affidavit of Mr. Rendawa that says they didn't talk to management, and the
21 court report says they did.
22
23 As I noted, the difference is who is management? Mr. Rendawa is not management.
24 Mr. Rendawa was not involved in the proceedings much past the amended restated initial
25 order on his own evidence. And so he would have no means to know who the monitor
26 was speaking to, and so no means to make a sworn statement that the monitor did not do
27 something that the monitor said it did.
28
29 I would also note my friend referenced the *Goshen* case as saying that responses should
30 be in an affidavit form. And, in fact, that is not at all what *Goshen* says. *Goshen* clearly
31 notes that there were responses provided. They were not in the form of an affidavit. And
32 my friend has provided no case that suggests that responses to written interrogatories, in
33 the context of an insolvency proceeding and a Court officer, should be in an affidavit
34 form.
35
36 They have stated numerous occasions in their materials and this morning that there are
37 contradictions and factual errors; but, as I noted previously, they have yet to indicate to us
38 one such contradiction or factual error with any specificity. There are none noted in their
39 materials.
40
41 And, then, just two final -- two final points and these are -- these are more minor. The

1 comment about incorporating by reference. Obviously, the other reports are not
2 incorporated by reference. The Sayed affidavit is not incorporated by reference. This is
3 common language in monitor's reports to direct the reader to where there is additional
4 background.
5
6 But at the end of the day, my friends are seeking to commence independent *CCAA*
7 proceedings without submitting the necessary evidence. They are simply trying to take
8 these proceedings that were commenced by BMO, rewrite prior court orders to turn these
9 into debtor advanced proceedings with some unidentified monitor and unidentified
10 funding to support the proceedings. None of that goes to the relief that was sought, and
11 none of that is justification for the extraordinary relief my friends are seeking.
12
13 I did say I had two things, but I did -- I know this is in our materials, but my friend
14 referenced the *Dollman* case in his -- in his submissions. And I just wanted to direct you
15 to the paragraph in our materials where we deal with that. We deal with this at
16 paragraphs 40 and 41. They rely on the *Dollman* case and the proposition that Courts will
17 generally rely upon oral examination over written examination. That case wasn't dealing
18 with a Court officer or an insolvency proceeding; it was a family law case in the context
19 of a request by a child to cross-examine on an affidavit relevant -- relative to the father's
20 application for summer access. It is entirely irrelevant to the matters that are before you
21 today, in our view.
22
23 Subject to any questions, I have no further submissions.
24
25 THE COURT: I do not have any questions at this point for you.
26 Thank you.
27
28 MS. BOURASSA: Thank you.
29
30 THE COURT: Okay. Mr. Reid, do you have any submissions
31 on this application?
32
33 **Submissions by Mr. Reid (Further and Better Answers)**
34
35 MR. REID: I'll be very brief, Justice, seeing as we're almost
36 at the 12:30 mark.
37
38 BMO is supportive of the submissions made by Ms. Bourassa that they were -- an urgent
39 application -- an emergency application should be dismissed. I (INDISCERNIBLE) the
40 point that Ms. Bourassa made where -- and it was one that was made at the end of her
41 submissions. At the end she commented that, really, what they're trying to do is supplant

1 this debtor driven *CCAA* process where this was an -- this process was initiated on
2 application by BMO, where BMO brought all the evidence that was required to give to
3 grant the initial order.
4
5 There's been no application by the Coast Auto Group to actually bring an application for a
6 *CCAA* initial order. They didn't provide any consent app from Lonergan. They don't have
7 any cash flows. There's no proof of interim financing to be able to run a *CCAA* initial
8 order. Essentially, what they're trying to do is piggyback off of the application that BMO
9 brought saying, Oh, thank you, BMO, for funding this proceeding. Thank you, BMO, for
10 paying our employees, running our dealerships, carrying out the sales process,
11 maximizing value. We've got it from here. Thank you. Like, that's not how this process
12 works.
13
14 And it both -- this ties back into Ms. Bourassa's submissions where she talked about what
15 appears to be the only purpose of continuing the *CCAA* is to allow a lawsuit against
16 BMO. That's a separate action. And I think that there may be a fundamental
17 misunderstanding on the part of the Coast Group entities as to what the relief that was
18 being sought on December 9th by the monitor actually entailed.
19
20 And we heard from Ms. (INDISCERNIBLE) who was very concerned about bankruptcy.
21 Bankruptcy won't allow them to go and pursue their action against BMO, but that is
22 wrong. That's fundamentally incorrect. And I pulled up the form of order that was
23 attached to the application of the monitor. And this is the relief that it seeks at paragraph
24 3. It's under the heading "Termination of the *CCAA* Proceedings." Well, if the *CCAA*
25 proceedings terminate, then a business reverts back to the directors who then can continue
26 on with their litigation at against BMO in their proceedings.
27
28 THE COURT: Except that the order then says but then if the
29 monitor is -- in more eloquent language, but if the monitor -- they are not required to, but
30 may then assign into bankruptcy, right. It is...
31
32 MR. REID: Right. So --
33
34 THE COURT: Yeah.
35
36 MR. REID: I'll get to that.
37
38 THE COURT: Okay.
39
40 MR. REID: So termination of *CCAA* proceedings, the next
41 heading, "Termination of Court Order (INDISCERNIBLE)," discharge of the monitor

1 would actually be the relief that everybody wanted to see. So the monitor would be
2 discharged.
3
4 And, then, at paragraph 11, you're right there is bankruptcy. And it does provide that,
5 from an (INDISCERNIBLE), when the parties (INDISCERNIBLE) of a *CCAA*
6 termination time, each of the Coast Auto Group's entities is authorized to make an
7 assignment to bankruptcy, but then goes on to say, but not required. So bankruptcy wasn't
8 automatic as part of the monitor's application. And in (INDISCERNIBLE) report talked
9 about the reasoning for the bankruptcy. And it was to facilitate the (INDISCERNIBLE)
10 of the Coast group. Of course, there's no assets or operations or employees. The
11 distribution of funds -- and this is important -- and to make (INDISCERNIBLE) or a
12 protection program available to employees (INDISCERNIBLE).
13
14 There were specific purposes for the bankruptcy, but it was not required. And should the
15 monitor ultimately determine that it is required for the benefit of all stakeholders, as we
16 mentioned, that doesn't preclude the continuation of the litigation. She referenced
17 section 38 of the *Bankruptcy Insolvency Act*, which allows the monitor to step into the
18 shoes of the Coast Auto Group. So this was all available to the Coast Auto Group, but the
19 *CCAA* clause application has delayed the entire progress of the litigation and all the steps.
20 From what we can tell, the only purpose of it is to actually pursue that litigation.
21
22 So it's -- I just want to echo and support that the monitor shouldn't be required through
23 further incurred costs and expenses for this expedition, which appears to be in relation to
24 litigation in a separate action. And I say that there are other methods for Coast Auto
25 Group to pursue this action against BMO, which we're ready and able to defend once we
26 can conclude these proceedings.
27
28 THE COURT: Okay. Understood. Okay. Does anyone else
29 have anything to say? Mr. Chimuk, I will come back to you in the minute. But anybody
30 else in response to this application? No. Hearing nothing. Okay. Mr. Chimuk, do you
31 have a reply?
32
33 MR. CHIMUK: Yes, Madam Justice. I'll be brief.
34
35 THE COURT: Okay.
36
37 **Submissions by Mr. Chimuk (Further and Better Answers) (Reply)**
38
39 MR. CHIMUK: First point, okay, we attempted distinction to
40 say that because the order authorizes them to put it into bankruptcy, but is not required to
41 somehow means that that's of any comfort to my client with respect to the monitor putting

1 us into bankruptcy. I'm not sure I understand that point. There's been a lot of talk -- and,
2 again, I'm -- this is not the subject of today's litigation. But there's been a lot of talk
3 about, Oh, don't worry. Don't be concerned. Bankruptcy doesn't mean that your actions
4 (INDISCERNIBLE) section 38. Okay.
5
6 A section 38 allows a creditor to request the trustee to take legal action for the benefit of
7 the bankrupt estate, i.e., it would allow BMO to take over the lawsuit if BMO wanted to.
8 Given that the lawsuit is against BMO, that's a problem. Section 38 doesn't allow the
9 owners to take -- to take the action for the benefit of the estate. That's not what section 38
10 does. So, yeah, we do have a concern with respect to a section 38 application, a deep
11 concern because we don't think that BMO is going to take control of the action as against
12 BMO for the benefit of ownership. Let's put it that way. Okay.
13
14 And so we do not buy the submissions of my friends that somehow find wrong or that our
15 position is incorrect and that we have nothing to worry about with respect to a bankruptcy
16 because of section 38.
17
18 With respect to, again, I'm just being brief here. There's repeated assertions that this is an
19 attempt to rewrite history; it's not. You have my points in that regard. BDO is not in
20 litigation. Correct. That's why our questions don't relate to pre-litigation steps as against
21 BDO. Our questions relate to information to support our case -- and I did case the word
22 "bolster" our case -- bolster our case, i.e., bolster our case to have BDO removed as
23 monitor, which is part of our cross-application. And so, yes, it would bolster the case to
24 have BDO removed if BDO were forced to answer questions that show that BDO acted in
25 a non-independent fashion. That is the crux of what we're talking about here.
26
27 With respect to, somehow, their assertion that it was in the initial order to remove
28 ownership, it wasn't. With respect to their assertion that my client is making all assertions
29 when he talks about the fact that this process was to have continued ownership
30 involvement, which I believe is found in paragraph 34 of his affidavit, again, it's not a
31 bold assertion. If you turn to paragraph 19 of the notice of application for the comeback,
32 it specifically references the continued involvement of directors and officers is integral to
33 minimize disruptions.
34
35 Finally, getting back to the *Goshen* case, which my friend cited for the proposition that
36 "the documents" must relate to a specific purpose, that's exactly our point. Documents
37 relating to issues that were specified. For example -- and it's -- and, again, this is in
38 schedule 'A', "What discussions were had with management relating to the SISP as
39 described in paragraph 2(a) of the third report?" I don't understand how that's a fishing
40 expedition: (as read)
41

1 Please, provide details of where, when, and how such consultations were
2 conducted as well as written material or correspondence that arose as
3 part of those discussions.
4
5 This isn't fishing; this is documents relating to a specific purpose as specified by the
6 *Goshen* decision, specifically referencing the section of the third report that we're
7 referring to.
8
9 Finally, I conclude with a proposition that if the cross-examination on a fee affidavit is as
10 limited as my friend suggests, which is I can ask, Did you really spend an hour on that, or
11 what did you do over the course of an hour, such cross-examination, frankly, would be
12 utterly useless. Cross-examination needs the ability to examine the purpose for which
13 steps were taken; and there needs to be a reasonable opportunity to examine the why, not
14 just the, I did this on such and such a date.
15
16 Subject to any questions arising from, Madam Justice, those are my oral submissions.
17
18 THE COURT: What do you say about your friend's submission
19 that, really, what your clients are trying to do is usurp these *CCAA* proceedings and --
20 when they can -- they should be just, simply, be applying for their own?
21
22 MR. CHIMUK: Well, I would say, number one, that is not the --
23 that is not the question for today. Today's application is not an application with respect to
24 our cross-application. Today's application is an application with respect to compelling
25 further and better answers. And so we're going to argue that. We're going to have a full
26 day of argument for that. Whichever Justice is selected for that is going to have 1 day of
27 reading to read through all the materials. And I take it that we're going to have one
28 position; my friends are going to have another position. Suffice so say that's not what --
29 that's not what we're doing. But I strongly suspect we'll be arguing about that for a full
30 day with lots of written briefs on all sides --
31
32 THE COURT: Okay.
33
34 MR. CHIMUK: -- thoroughly canvassing the issue.
35
36 THE COURT: Okay. Thank you. All right. It is 12:36. I
37 would like to take a bit of a break, and then we can come back after lunch and move into
38 the security for costs application. Does counsel have any other suggestions? No. Sounds
39 good. Okay. Let us come back at 2:00, then. Thank you.
40
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3 PROCEEDINGS ADJOURNED UNTIL 2:00 PM
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1 **Certificate of Record**
2
3 I, Nancy Yong, certify that this recording is the record made of the evidence in the
4 proceedings in the Court of King's Bench held in courtroom 516 at Edmonton, Alberta, on
5 the 18th day of February, 2026, and that I was the court official in charge of the
6 sound-recording machine during the proceedings.
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1 **Certificate of Transcript**
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3 I, Tabea Adam, certify that
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5 (a) I transcribed the record, which was recorded by a sound-recording machine, to the
6 best of my skill and ability and the foregoing pages are a complete and accurate transcript
7 of the contents of the record, and
8
9 (b) the Certificate of Record for these proceedings was included orally on the record and
10 is transcribed in this transcript.
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13 Metro Reporting Services
14 Order Number: TDS-1107007
15 Dated: March 27, 2026
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1 Proceedings taken in the Court of King's Bench of Alberta, Courthouse, Edmonton, Alberta
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3
4 February 18, 2026 Afternoon Session
5
6 The Honourable Justice L.K. Harris Court of King's Bench of Alberta
7
8 J.W. Reid (remote appearance) For the Bank of Montreal
9 S.C. Chimuk (remote appearance) For Coast Automotive Group Inc.
10 K.J. Bourassa (remote appearance) For the Monitor
11 N. Yong Court Clerk
12
13
14 THE COURT: Okay. Good afternoon, everybody. All right.
15 So I think that we are now onto the security for costs application. But before we begin
16 with that, Ms. Bourassa, did you take a look at the order for the extension of the stay?
17
18 MS. BOURASSA: I asked my assistant if it had been sent in, and
19 she told me that it was. I'm just looking at the timing.
20
21 THE COURT: Okay.
22
23 MS. BOURASSA: At 10:14 they sent it back.
24
25 THE COURT: At 10:14 today?
26
27 MS. BOURASSA: And -- yes. And marked urgent.
28
29 THE COURT: Okay. All right. I have not got anything from --
30 Mr. Burg's away right now, so that -- just a bit of background. That is sort of the reason
31 why some of the delay on this. But I will double-check once we are done today. I will
32 make sure that I am signing the clean copy. Okay.
33
34 MS. BOURASSA: I'd like -- I'd like to note, also, that we did take
35 an opportunity to look at the list following your information after the break about there
36 being time available.
37
38 THE COURT: Yeah.
39
40 MS. BOURASSA: And we didn't see any time available. So, again,
41 I did ask my assistant to reach out to Melissa on that.

1
2 THE COURT: Yeah.
3
4 MS. BOURASSA: I'm not sure if there's someone else we should
5 be speaking to or a better way to contact the Court.
6
7 THE COURT: If you do not hear back from Melissa by the end
8 of the day, I did -- I sent her an e-mail today, too, just so say that she should expect to
9 hear from counsel. But if you do not hear back from her at the end of the day, maybe
10 write a letter to Justice Simard --
11
12 MS. BOURASSA: Okay.
13
14 THE COURT: -- as one of the co-chairs because I did speak to
15 him, as well, today about it. And he was the one that gave me the information about the
16 dates available. So he may -- he is up to speed on this, and he will be able to give you
17 some help.
18
19 MS. BOURASSA: Okay. Thank you. We'll do that.
20
21 THE COURT: Okay. Okay. Mr. Reid.
22
23 **Submissions by Mr. Reid (Security for Costs)**
24
25 MR. REID: Thank you, Justice. Before I begin, I will just
26 recap, maybe, where we started, which is to make sure you have all the materials. I
27 believe you do. You have our original brief. That was the February 5th one.
28
29 THE COURT: Yeah.
30
31 MR. REID: We did provide a supplemental brief on Friday,
32 which should be the first tab of that binder.
33
34 THE COURT: Yeah.
35
36 MR. REID: And, then, I believe you now have
37 Mr. Chimuk's brief as well as his authorities; is that right?
38
39 THE COURT: That is right. Yeah. Yeah, and I took a quick
40 look at that over lunch, too. So I see that he has addressed the security for costs issue, as
41 well.

1
2 MR. REID: Great. Thank you. I will go back and touch,
3 briefly, on background of this proceeding. Apologies if it is a bit redundant, but I do think
4 that some of the background provides the context for the test that we're required to meet,
5 that it is just and reasonable in the circumstances for the Court to grant the relief that
6 we're seeking, being security for costs.
7
8 So, of course, you're aware that this proceeding was commenced July of last year. It was
9 due to an application of BMO. This was a creditor driven *CCAA* where there were
10 enhanced powers granted to the monitor to take control of the business. And those
11 powers are akin to the powers that are granted to a receiver in -- by this Court in a
12 receivership order. And the reason for this to proceed by way of a *CCAA* as opposed to a
13 receivership was, in order to maintain the (INDISCERNIBLE) value of the business, the
14 business that -- these were car dealerships where there were strict requirements of the
15 original brand manufacturer or OBM -- you may have seen that term used in the
16 materials --
17
18 THE COURT: No.
19
20 MR. REID: -- which in this case is the (INDISCERNIBLE)
21 as to who is authorized to operate and sell vehicles under its brand name and of their
22 products being the Dodge Jeep, et cetera, vehicles. And so that was the reason why we
23 had to do this by way of a *CCAA*.
24
25 The Court materials that were filed by BMO in support of the *CCAA* initial order as well
26 as the amended and restarted initial order laid out the lengthy history of the financial
27 difficulties of the business as well as the longstanding credit defaults, the
28 undercapitalization, and the failure of the founders to secure a much needed equity
29 injection that was required by the business since 2023. The initial order materials set out
30 the concerns raised in 2024 as to the viability of the business without a significant equity
31 injection, which was promised over the course of the year but was never ultimately
32 delivered.
33
34 The materials also discuss how management required BMO to extend further credit just
35 for the Coast Auto Group to meet its payroll and other critical expenditures on an as
36 needed basis in the months and weeks leading up to the commencement of these
37 proceedings. The Coast Auto Group had been on life support for an extended period of
38 time prior to these proceedings commencing, and BMO was the only party that was
39 funding the operations.
40
41 The founders, as they're often referred to in some materials, they never stepped up or

1 committed their own funds to help with the Coast Auto Group with its financial issues.
2 The business as well as these proceedings have at all times been funded by BMO, and this
3 continues to be the case in these *CCAA* proceedings.
4
5 So in our application, BMO is seeking for the non-*CCAA* cross-applicants or the founders
6 post security for costs in respect to the cross-application for $200,000. And so the Court's
7 aware as to why we came up with this number. That represents $50,000 for each of the
8 four non-*CCAA* cross-applicants. It is our view that posting this amount is appropriate in
9 the circumstances given these parties have brought the cross-application in these
10 proceedings on behalf of the Coast Auto Group when the Coast Auto Group has no assets,
11 no operations, and will be indebted to BMO for well in excess of $16 million.
12
13 The overtime costs that have been spent on this matter is money that is taken out of the
14 estate and reduces the recoveries to stakeholders, in this case BMO. Security for costs
15 application makes it so that there may be some contributions to the estate from these
16 non-*CCAA* parties given that its cross-application is to (INDISCERNIBLE) stakeholders.
17
18 So I am going to turn to the test for this Court to grant the security of costs order under
19 rule 4.22. It is set out in our original brief, that's being the February 5th one, at
20 paragraph 8. And the test is simply that the Court may order security for costs where a
21 Court considers it just and reasonable to do so. Number 4.22 then provides a list of
22 non-exhaustive factors that the Court may consider, and I will briefly touch on each one
23 of those factors in my oral submissions. The brief is, obviously, focussed on one factor:
24 basically, the other matters the Court (INDISCERNIBLE) as appropriate. But I do think
25 that, given the submissions that you've heard today, it's important to touch on each one of
26 those factors.
27
28 As for the first factor, which is the likelihood that BMO and monitor will be able to
29 enforce costs awards. And we know that's not possible to enforce costs awards in the
30 *CCAA* proceedings against the Coast Auto Group. The amended and restated initial order
31 at paragraph 31 already provides that Coast Auto Group is supposed to be covering the
32 cost of the monitor, the monitor's counsel as well as BMO's; and that, of course, is not
33 possible.
34
35 The next factor will be the respondent's ability to pay the costs awards. You already
36 know it is not Coast Auto Group that will be paying the costs award. It would be these
37 other non-*CCAA* cross-applicants. And one of the main defences that I can glean from
38 my friend's brief is that there's zero evidence with respect to any of the non-*CCAA*
39 applicant's ability to pay. And that's at paragraph 70 of my friend's brief.
40
41 And BMO agree that there is zero evidence with respect to any non-*CCAA* applicant's

ability to pay. Of course, the applicant -- the cross-application that they're seeking will seek approval for third party litigation funding. So the actual litigation as at BMO in the civil action actually requires third-party funding in order for it to continue. So that doesn't provide (INDISCERNIBLE) costs award if you're not even paying your own litigation proceeding.

The other evidence that's in the record is the report of BDO, that's Exhibit E to Mr. Rendawa affidavit, where at page 1 it talks about how the acquisition was overleveraged at the time of close and (INDISCERNIBLE) were supposedly 2 million of psuedo-equity in each (INDISCERNIBLE) for a total of 4 million or (INDISCERNIBLE) 2.75 million cheque. And that -- the reason I'm pointing the Court to that is there's always been difficulty of these founders or the owners to be able to find funds in order to operate the business. So we don't have a lot of confidence or -- and there isn't in the evidence that they would be able to be paying costs awards should they be unsuccessful in their application.

The next factor for the Court to consider is the merits of the action. And this is probably the part that my friend focuses on the most. While there is (INDISCERNIBLE) on the security for costs piece waived, here's what he ultimately concludes with respect to the merits. It says: (as read)

> Both BMO's application and brief are entirely silent with respect to the merits of his defence with respect, specifically, to the cross-application.

And, of course, the cross-application doesn't have any complaint against BMO. It's an application to what I described is transplant this creditor driven *CCAA* to a debtor driven *CCAA* and to remove the monitor. It's basically a defence for BMO. In respect of the cross-application, we haven't actually -- their application to prove to this Court that it should grant the relief that it is seeking. It's not -- the onus isn't on us to provide a defence to that. And I think the Court was attuned to this when it asked my friend about the comments about them trying to usurp the *CCAA* proceeding.

And my friend's response was, Well, you know, the merits can be dealt with at the cross-application hearing. And that's right, and that is fine. But I don't think that should be used as a factor against BMO in wanting to get its relief with respect to security for costs. Clearly, there are going to be merits on both sides as to -- and those will be dealt with at the -- at the ultimate hearing and, then, by the Court. But for them to describe this as BMO's defence with respect to the cross-application, I think we say is a mischaracterization of the issue.

The other thing I want to bring up with respect to merits, and this goes back to the reply

1 that my friend had with respect to section 38, he was not quite (INDISCERNIBLE), we'll
2 say that witnessing that -- well, we have serious issues with section 38 of the EIA because
3 BMO is a creditor, and so BMO will be bringing a section 38 application. But section 38
4 applies to any creditor. Any creditor of the estate can bring a section 38 application. And
5 it's in the materials that were before the Court in the initial order. There are
6 (INDISCERNIBLE) whom -- what's estimated to be almost $7 million. So any one of
7 these founders can bring a section 38 application as creditors of the estate.
8
9 The other problem with this cross-application -- and, again, I'm still speaking to the
10 merits -- is that they say that the reason for the cross-application is that there is a
11 remaining asset of the estate and that's the BMO litigation, the litigation against BMO and
12 that they would insert a monitor just to oversee the continuation of that litigation. Well,
13 the problem is -- and we see that (INDISCERNIBLE) kernel of a plan -- well, the problem
14 with keeping it in -- within this *CCAA* is it's already been found that BMO is the senior
15 secured creditor (INDISCERNIBLE) now enforcible security and they're owed $16
16 million.
17
18 So any plan is going to have to satisfy all the debt to BMO in the *CCAA* proceeding. So
19 at the end of the day, there's not going to be a kernel of a plan. This is going to go
20 (INDISCERNIBLE) against BMO to collect the damages that were against BMO to bring
21 that into the *CCAA* to pay the lowest vendor? It just -- it doesn't make sense still, to me,
22 as to what the purpose and advantage is of continuing this *CCAA* proceeding and the
23 cross-application. So we continue to say that there is merit to our response, I suppose, to
24 the *CCAA* cross-application. And that is a factor that they (INDISCERNIBLE) costs to be
25 granted.
26
27 The next factor in the list that I'm going to refer to is prejudice, whether or not there's
28 prejudice to any of the respondents. We don't think that there is any prejudice. Even if
29 the security for costs could not be paid, which there's no evidence of, the civil claim
30 continues, which seems to be the essential element for this proceeding continuing. So
31 that would be (INDISCERNIBLE) necessary cross-application with respect to that civil
32 litigation claim. And the Coast Auto business is not operating. It has no assets, so there's
33 no ongoing structure of the business. So we don't know of any prejudice.
34
35 So, then, the final consideration is any other matters that the Court considers appropriate.
36 And that was the focus of our brief; but we say that it is just as reasonable, in the
37 circumstances, for security for costs to be borne.
38
39 So turning to some of the case law, as stated by the Court in the (INDISCERNIBLE)
40 Energy case -- that's at tab 2 of our brief -- at paragraph 18 it provides that the Court can
41 order secured costs where eager and it is just and equitable to do so or

1 (INDISCERNIBLE) would not be a pay costs award.
2
3 So referring to just and equitable factors, in addition to the fact there's rule 4.22, we think
4 that the security costs order is just and equitable simply because BMO is funding all the
5 costs and expenses of the Coast Auto Group in these proceedings,and the cross-applicants
6 have brought the cross-application on Coast Auto's behalf exclusively for the benefit of
7 those non-*CCAA* cross-applicants. There's no apparent benefit to the estate, so we think
8 it's just and equitable for them to have some skin in the game and post security to at least
9 partially fund some of the costs of -- that are continuing the *CCAA*.
10
11 My friend took you to the second supplement of monitor's report. It's noted in the cash
12 flow forecast attached there that, in responding to the cross-application, it's anticipated
13 that the cost will be more than 670,000 by the monitor alone. This doesn't include the
14 expenditures that BMO is incurring.
15
16 In our briefs, we referenced two cases; and, as far as we know, these are the only two
17 cases that are provided that deal with security for costs in *CCAA* applications --
18 proceedings, I should say. And there's a *Teal-Jones* case from the BC Supreme Court as
19 well as the *BZAM* case from the Ontario Superior Court. And in both those cases, the
20 commercial Courts ordered that security costs be posted by applicants in respect of
21 interlocutory applications that were filed late in *CCAA* proceedings that had the effect of
22 delaying the conclusion of the *CCAA* and reducing the value of the estate.
23
24 So I'll turn to *Teal-Jones* quickly. That's at tab 7 of our brief. And Justice Milman of the
25 British Columbia Supreme Court at paragraph 3 states -- 3 and 4 states this: (as read)
26
27 > Suffice it so say that the proceedings are now being financed entirely by
28 > the debtors' interim lenders. And the amount owing to them far exceeds
29 > the value of their collateral. This means that every dollar spent by the
30 > petitioners, the monitor, and the respective counsel in carrying on these
31 > proceedings produces the interim lenders' ultimate recovery. The
32 > proceeding is now nearing its completion, and there are only a few items
33 > of business left outstanding. The application now before me, which the
34 > security interim lenders seek security for costs arises from one of those
35 > outstanding items of business.
36
37 That's very similar to this case where the *CCAA* has run its course. It's at its conclusion.
38 Now the only outstanding matters to deal with is cross-application. And the Court in
39 *Teal-Jones* (INDISCERNIBLE) as the situation when the ultimate recovery to the interim
40 lender was being reduced.
41

1 I did provide the *BZAM* case. I'm not sure if you've had a chance to look at it, Justice, at
2 tab 1 to the supplemental brief.
3
4 THE COURT: Yeah, I have.
5
6 MR. REID: And at paragraph 40 --
7
8 THE COURT: Go ahead.
9
10 MR. REID: Oh, I just -- so paragraph 41 where the Ontario
11 Court in that case says: (as read)
12
13 Had Final -- had the Final Bell claim been outstanding earlier, Cortland
14 may well have elected not to provide DIP financing at all. Other
15 stakeholders (such as other creditors) could also be directly affected by
16 the Final Bell claim here notwithstanding that they are not directly
17 involved in its determination. The pendency of that claim is delaying
18 the progress in restructuring, including but not limited to the SISP. DIP
19 financing costs and other professional fees that may have otherwise been
20 avoided or reduced continue to accrue, all of which reduces the overall
21 recovery available to creditors and other stakeholders.
22
23 Paragraph 43, the Court's finding: (as read)
24
25 I accept the submission of Cortland that equity and fairness militate in
26 favour of it being entitled to security in the circumstances.
27
28 And at paragraph 44: (as read)
29
30 For all of these reasons, it seems just and equitable that security for costs
31 be available in appropriate circumstances to a party in the position of
32 Cortland. If necessary --
33
34 And I think this is important: (as read)
35
36 -- I find that the broad discretionary jurisdiction given to a *CCAA* court
37 in s. 11 of the *CCAA* and discussed above is broad enough to direct a
38 party to post security for costs in favour of another stakeholder in
39 appropriate circumstances, such as I have found to be present in this
40 particular case. And I think in the circumstances are appropriate in this
41 particular case.

1
2 And I think that the circumstances are appropriate in this particular case. Very much like
3 *BZAM*, had the Coast Auto Group and the non-*CCAA* parties raised these issues at the
4 outset, it could have changed the course of this proceeding. BMO maybe wouldn't have
5 funded the $2.5 million in interim financing that was required to keep this business
6 operating. BMO might not have funded the other critical expenses that were requested by
7 the founders and the ones leading up to the *CCAA*. BMO may have enforced on its
8 guarantees as well as its (INDISCERNIBLE) order as a first step rather than bringing this
9 application for the initial order.
10
11 These late steps taken by the non-*CCAA* parties has resulted in significant costs and
12 delays in concluding this process, all of which are borne by BMO. So to take from the
13 Court in *BZAM*, security for costs is just and equitable and appropriate in the
14 circumstances.
15
16 I do want to pull from one case that I -- one of my friend's authorities, and that is a
17 decision of Justice Wakeling in the *Amex Electrical* case at tab 11 of his authorities. And
18 all the authorities that are attached to my friend's brief (INDISCERNIBLE) security for
19 costs in your typical plaintiff-defendant civil litigations. And they are often civil
20 litigations that have been outstanding for many years. But I just -- I just like this, as well.
21 It says: (as read)
22
23 > Poker players would not welcome to a high-stakes game a person who,
24 > at the outset, asks the others to lend him the money he needs to
25 > participate. They would not accept the risk that the borrower would be
26 > unable to repay the lenders. Why should they fund a venture which, if
27 > successful, costs them money and, if unsuccessful, costs them money?
28 > ("Security for costs is designed to protect a defendant from a plaintiff
29 > who wants to gamble and collect if he wins, but not pay if he loses"). A
30 > defendant who faces an impecunious plaintiff feels much the same way.
31
32 I just thought that was a helpful quote because that seems to be quite on point with what's
33 happening in this case where (INDISCERNIBLE) are continuing these *CCAA*
34 proceedings. We're asked to continue funding the Coast Auto business along here. And,
35 ultimately, it's, in respect, a litigation proceeding that is outside the *CCAA*. And there's
36 no -- security for costs at least requires that they participate in this high-stakes poker
37 game rather than let BMO be the only one that's funding it.
38
39 Now, Justice, there wasn't too much else to respond to in my friend's brief; but I have
40 noted that sometimes things come up in oral submissions. So I'm sure the Court will give
41 me a chance to respond if there's anything additional that needs to be addressed.

1
2 THE COURT: No. I think that is pretty straightforward. And I
3 just want to be clear. I think I understand the basis for the assertion that the security for
4 costs should be in the amount of $200,000, but it is -- essentially, you are saying 50,000
5 from each of the founders just simply based on an estimate, a rough sort of guesstimate, I
6 guess, of, you know, some potential exposure in this that -- considering the size of the
7 claim, I guess?
8
9 MR. REID: Yeah. The size of the claim is based on the cash
10 flow. So the costs award would, say if the Court ultimately finds that a number of costs
11 that were incurred by the monitor and BMO are to be paid, you know, the monitor's
12 estimation of cash flow is just $70,000. And that doesn't include BMO.
13
14 THE COURT: Right.
15
16 MR. REID: So I think that 200 is reasonable and appropriate
17 in the circumstances. It's only a portion of that amount for this -- estimated to be the cost.
18 And I just want to explain how we came to that number is 50,000 each, which we thought
19 was sufficient to make it so there's skin in the game here. But it's also not such a deterrent
20 that they wouldn't be able to continue on with these proceedings.
21
22 THE COURT: Yeah. Okay. Thank you.
23
24 MR. REID: Thank you.
25
26 THE COURT: Before we go to Mr. Chimuk, are there any
27 other submissions in relation to what Mr. Reid has said? Ms. Bourassa?
28
29 MS. BOURASSA: Justice, I'm not sure that you need to hear from
30 me. The monitor, as I've --
31
32 THE COURT: Yeah.
33
34 MS. BOURASSA: -- as I've stated this morning, is not a litigant.
35 But we do have our material which speak to the cash flow and the deficient
36 (INDISCERNIBLE) BMO, which I would just say the Court can distribute
37 (INDISCERNIBLE).
38
39 THE COURT: Yeah. Okay. Thank you. All right.
40 Mr. Chimuk.
41

1 **Submissions by Mr. Chimuk (Security for Costs)**
2
3 MR. CHIMUK: Thank you. My friend fundamentally
4 misunderstands the law as it relates to security for costs. The starting point -- and this is
5 apparent with respect to all security for costs applications, the starting point and even the
6 quote that my friend read from the case that we had submitted, we found interest in,
7 which is the *Amex* case specifically noted impecuniosity as key, right. You do not get
8 security for costs by way of right. You need to establish that there is a necessity for it,
9 and security for costs is not prejudgment relief. My friend's quote with respect to playing
10 poker is apropos when you are dealing with an impecunious plaintiff, when somebody is
11 gambling with house money and you can show that they are gambling.
12
13 And that is why, when you look to the test -- and, granted, it's a non-exhaustive list, but
14 my friend, in our respectful view, glosses over -- and I'm going to take you to it -- 'A'
15 through 'D', which are the specific tests that are set out in the 4.22. And while we agree
16 that the Court, in a *CCAA*, has general discretionary power to do whatever it wants, that
17 discretion ought to be exercised judiciously, as they like to say, and ought to be exercised
18 concurrently with the instructive principles of the rules set out in 4.22. Okay.
19
20 So rather than jumping right to any other matter the Court considers appropriate because
21 you don't meet the four enumerated grounds, we suggest is the wrong approach. Now,
22 what does 4.22(a) say? It says: (as read)
23
24 Whether it is likely the applicant for the order will be able to enforce an
25 order or judgment against assets in Alberta.
26
27 It's the first aspect. Now, Madam Justice, I'm going to walk you through this test -- each
28 of these tests, two parts: one, as it pertains to the *CCAA* party; and, two, as it pertains to
29 the non-*CCAA* parties because, as noted by my friend, what he calls "the founders," being
30 Cheema, Parmar, and Deerfoot Atria, right, those -- that's -- we'll call them "the
31 founders." And, then, you have -- and, then, you have Coast.
32
33 THE COURT: Yeah.
34
35 MR. CHIMUK: -- who's in *CCAA*. So the first part of that test.
36 Well, with respect to the founders -- and bear in mind that the onus with respect to these
37 tests is borne by the party who is seeking the extraordinary relief of security for costs.
38 Okay. So it's not on the party to show, Oh, yeah, we do have assets in Alberta. No. It's
39 for the party that is seeking security for costs to show that they don't. Typically, this is
40 done when you're dealing with out of province or out of jurisdiction corporations, right.
41 But here, as against the founders, there is zero, no evidence that there's any inability to

1 enforce against assets in Alberta. None.
2
3 I note, in addition to this, that my friend cross-examined Mr. Rendawa. He didn't ask a
4 single question with respect to this issue. There was no cross-examination on the ability
5 of the founders to pay. Not a question. Okay. So to the extent that any adverse inference
6 is going to be drawn -- and this is with respect to each part of the test, by the way -- an
7 adverse inference ought to be drawn against the party, not only did he not bring the
8 evidence, but he also didn't ask any questions when he had the chance. So there's no
9 evidence against the founders with respect to that.
10
11 Now, as against the non-founders, i.e., as against Coast, as noted by my friend, BMO
12 already, pursuant to the aerial, has a first charge against all the assets of Coast. So to the
13 extent that you need security for costs, that's already granted by virtue of the aerial. BMO
14 is the first -- is going to be the first to collect and gets all of its costs back. So anything it
15 spends or anything the monitor spends, that's already recoverable, pursuant to the aerial
16 and for good reason. We would say that it would be completely inappropriate and terrible
17 precedent to say that in a *CCAA*, a party to that *CCAA* does not have the ability to bring
18 an application without posting security for costs, right. That would, we would suggest,
19 would result in absurd result. So with respect to 'A', they don't meet the test.
20
21 With respect to 'B', the ability of the respondent to the application to pay the cost award.
22 Now, I note my friend's own admission when he was arguing about 'D' -- and I would
23 suggest you can't have it both ways -- his argument for the Court, Well, there's no
24 evidence of their ability to pay or not pay. Well, he's correct. He is correct. There is no
25 evidence of their inability to pay a cost award. But, unfortunately for my friend, that is a
26 factor under 'B'; and, again, he bears the onus.
27
28 So there's nothing to suggest that Cheema, Parmar, or (INDISCERNIBLE), or Deerfoot
29 Atria is a separate, unrelated company that is an alleged guarantor. There is no -- there's
30 no evidence that they have any inability to pay a cost award. No questions were asked
31 during cross-examination with respect to these points. He points to the fact that, well,
32 because Coast was in financial difficulties that you're supposed to infer or impute from
33 that that, somehow, they will not pay their cost awards. That is wrong, incorrect.
34
35 Now, if there were examples of the founders not paying previous costs award, that would
36 be a factor that the Court could consider. And there's a plethora of case law on that point,
37 including some of the cases my friend's citing, including some of the cases that I cite. So
38 if there were previous cost awards that weren't being paid or a propensity to not pay cost
39 award, that's a factor; but just the fact that the founders have a varying interest in a
40 company that happens to be in a *CCAA*, you can't impute from that that they, therefore,
41 don't have or will not have an ability to pay a cost award.

1
2 'C', the merits of the action to which the application is filed. Typically, and the reason
3 why our wording in our brief referenced a defence, is because it's a very odd scenario for
4 a security for costs application to be brought for an application. Okay. And this goes,
5 again, because -- Your Ladyship, when you ask him a question about costs and whether --
6 I think there may be some confusion here with respect to whether the security for costs is
7 for the founder claim or whether the security for costs is for the cross-claim. It's not --
8 this is not a security for costs application for the founder claim.
9
10 THE COURT: No. I understand that.
11
12 MR. CHIMUK: That's not what we're talking about.
13
14 THE COURT: Yeah, no. I fully understand that.
15
16 MR. CHIMUK: We're talking about -- we're talking about
17 security for costs of our application. And so when you -- when this factor talks about the
18 merits of the action under which the application, it's clearly referencing, in our context,
19 the merits of the -- the merits of the cross-application. And so the cross-application deals
20 with a great number of different things. Part of the cross-application deals with disputing
21 the fees that the -- that the monitor is charging. Part of it deals with replacing the
22 monitor. Part of it deals with, as I -- as I said, a proposal that I had set out earlier.
23
24 But the onus -- with respect to this, the onus is on my friend. And, again, my friend didn't
25 file any affidavit evidence in support of his application for security for costs. Had he filed
26 any evidence whatsoever, I would have cross-examined on it. He bears the onus. There's
27 absolutely no evidence before the Court on any of this stuff other than what you're hearing
28 in argument.
29
30 'D', whether an order to give security for payment of costs award would unduly prejudice
31 the respondent's ability to continue the action. Again, I can't have it both ways, either.
32 And, again, I don't know because there's absolutely no evidence on any of this stuff. And,
33 then, finally, when we get into any other matters that the Court considers appropriate, it's
34 our position that it would be entirely inappropriate here to suggest that we have to pay
35 security for costs for the right to bring an application when there's no evidence
36 whatsoever that there's going to be any difficulty with respect to the founders paying any
37 of those costs should this application be unsuccessful.
38
39 And, of course, with respect to the fact that my friend's somehow relying on the fact that
40 we're bringing this application late-stage, I would remind the Court that the founders
41 claim was only filed, right, in the fall of 2025 and is based, amongst other things, in part,

1 on BMO's conduct with respect to this proceeding. So it's not exactly like the founders
2 were sitting on their hands here with respect to a claim or why they're bringing it. The
3 reason why this claim is being brought at this time is because it didn't interfere with any
4 of the other aspects of the *CCAA*. They were able to disburse the rest of the assets. They
5 were able to sell all those. Values have all been realized with respect to that.
6
7 And, then, finally, with respect to the fact that there is this alleged $16 million deficiency,
8 my point with respect to that would be that does not factor in the value of the BMO claim.
9 And with respect to my friend's point that this is not being brought for anyone's benefit, it
10 is being brought for the benefit. As my friend pointed out, there are other creditors to this
11 estate other than BMO. And one cannot, at this preliminary stage, prejudge the value of
12 the founder claim. To do so would be an error of law to assign a value one way or the
13 other. That has not been litigated yet.
14
15 And so there is no evidence before the Court with respect to the value of the founder's
16 claim. And as noted by my friend, there are other creditors with respect to this process;
17 and should the creditor -- should the founder claim be more than the value of what's going
18 to BMO, then the value of that -- the residual value of that will go to the remaining
19 creditors under the estate. So this is not just being brought for the benefit of the
20 applicants, but is, rather, being brought for the estate. Subject to any questions My
21 Ladyship may have, those are my submissions.
22
23 THE COURT: No. I understand. Thank you. Mr. Reid,
24 anything in reply?
25
26 **Submissions by Mr. Reid (Security for Costs) (Reply)**
27
28 MR. REID: Just one thing, Justice, to expand on. I think I
29 heard there was zero evidence that (INDISCERNIBLE) cost award. Of course, I can
30 already reference the evidence that was the inability for (INDISCERNIBLE) to inject
31 equity into the company from the outset as well as the requirement that they actually
32 require outside funding for litigation already. But there's actually one more other piece of
33 evidence that I think I want to mention to the Court, and that is that these non-*CCAA*
34 cross-applicants were founders, are guarantors of the obligations to BMO.
35
36 So they are going to owe BMO in excess of $16 million at a (INDISCERNIBLE)
37 proceeding, amounts that we know those founders can't satisfy because those are the
38 amounts that they were required to inject into this business based on reports from their
39 financial advisors at BMO and they could not do so despite given a lengthy period of time
40 to try to come up with those funds.
41

1 So we do know that they are -- we know the Coast Auto Group was required to actually
2 enter into these proceedings; and we know that these founders cannot fund their
3 obligation and they can't provide the $16 million that they will owe to BMO at the
4 conclusion of these proceedings.
5
6 So that is the only additional piece of evidence that I failed to direct the Court to when I
7 was going through those rule 4.2.2 factors. I don't think -- I didn't gloss over them, as my
8 friend suggested. I think I went through each one of those factors, and they all
9 (INDISCERNIBLE) costs award.
10
11 **Decision Reserved (Further and Better Answers) (Security for Costs)**
12
13 THE COURT: Okay. Thank you. All right. I think we have
14 dealt with all of the applications. I am going to reserve both. I think there has been a few
15 comments assuming that is what I was going to do, and you are right about that. I want a
16 chance to go back and read Mr. Chimuk's briefs -- or brief and authorities in more detail
17 and think about it. I understand fully that there is time pressures here and that you want
18 an answer from me sooner rather than later. And I will do my best to get an answer out as
19 quickly as I can. But other than that, unless the -- unless counsel have any other
20 comments, then we will be adjourned. Okay.
21
22 MS. BOURASSA: Justice.
23
24 THE COURT: Yeah.
25
26 MS. BOURASSA: Just one thing on the stay extension order.
27
28 THE COURT: Yeah.
29
30 MS. BOURASSA: I'm not sure if you received it since the hearings
31 began. And if you haven't, should we send it, perhaps, directly to your e-mail address?
32
33 THE COURT: Sure. Why do you not do that? Do you still
34 have it?
35
36 MS. BOURASSA: Yes.
37
38 THE COURT: Yeah.
39
40 MS. BOURASSA: I wrote it down when you said it earlier.
41

1 THE COURT: Okay. Yeah.
2
3 MS. BOURASSA: We'll send that to you right away.
4
5 THE COURT: Okay. That sounds great. And I will send it
6 back to you for filing through my assistant, Elise.
7
8 MS. BOURASSA: Thank you.
9
10 THE COURT: All right. Okay. Thank you all, counsel. That
11 was very helpful. Have a good afternoon.
12
13 MR. CHIMUK: Thank you.
14
15 ____
16
17 PROCEEDINGS ADJOURNED
18 ____
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1 **Certificate of Record**
2
3 I, Nancy Yong, certify that this recording is the record made of the evidence in the
4 proceedings in the Court of King's Bench held in courtroom 516 at Edmonton, Alberta, on
5 the 18th day of February, 2026, and that I was the court official in charge of the
6 sound-recording machine during the proceedings.
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1 **Certificate of Transcript**
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3 I, Tabea Adam, certify that
4
5 (a) I transcribed the record, which was recorded by a sound-recording machine, to the
6 best of my skill and ability and the foregoing pages are a complete and accurate transcript
7 of the contents of the record, and
8
9 (b) the Certificate of Record for these proceedings was included orally on the record and
10 is transcribed in this transcript.
11
12
13 Metro Reporting Services
14 Order Number: TDS-1107007
15 Dated: March 27, 2026
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Appendix “D”

Sixth Revised Cash Flow Forecast

Coast Automotive Group Inc., Coast North Vancouver Auto Sales Inc., Coast Auto Drayton Inc., and 2461765 Alberta Ltd. (the "Companies" or the "Debtors")
Combined Cash Flow Forecast for the Period
April 20th, 2026 to August 2nd, 2026
($ CAD)

Week Beginning		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**Total**
Week Ending		**2026-04-26**	**2026-05-03**	**2026-05-10**	**2026-05-17**	**2026-05-24**	**2026-05-31**	**2026-06-07**	**2026-06-14**	**2026-06-21**	**2026-06-28**	**2026-07-05**	**2026-07-12**	**2026-07-19**	**2026-07-26**	**2026-08-02**	
Receipts	**Notes**																
Parts & Service Sales	1	10,000	-	30,000	-	-	-	25,000	-	-	-	-	-	-	-	-	65,000
GST/PST Collected		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts		10,000	-	30,000	-	-	-	25,000	-	-	-	-	-	-	-	-	65,000
Operating Disbursements																	
Consultants	2	-	10,000	-	-	-	-	10,000	-	-	-	10,000	-	-	-	-	30,000
Corporate Credit Card Repayment	3	-	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Vendor Payments	3	5,000	-	5,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Professionals & Restructuring Costs	4	25,000	-	-	-	100,000	-	-	-	100,000	-	-	-	-	-	25,000	250,000
Contingency	5	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	-	-	-	-	10,000
GST/PST Remittance (Refund)	6	-	-	-	(65,000)	-	-	-	-	-	-	-	-	-	-	-	(65,000)
Debt Service																	
Floor Plan Payments to/(from) BMO		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BMO Floor Plan Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements		31,000	31,000	6,000	(64,000)	101,000	1,000	11,000	1,000	101,000	1,000	10,000	-	-	-	25,000	255,000
Net Cash Inflow/(Outflow)		(21,000)	(31,000)	24,000	64,000	(101,000)	(1,000)	14,000	(1,000)	(101,000)	(1,000)	(10,000)	-	-	-	(25,000)	(190,000)
Cumulative Net Cash Flow		(21,000)	(52,000)	(28,000)	36,000	(65,000)	(66,000)	(52,000)	(53,000)	(154,000)	(155,000)	(165,000)	(165,000)	(165,000)	(165,000)	(190,000)	
Opening Cash Balance		105,119	244,119	213,119	237,119	301,119	200,119	199,119	213,119	212,119	111,119	110,119	100,119	100,119	100,119	100,119	105,119
Net Funds held by the Monitor after Reserves for Charges, Priorities and Bankruptcy Costs	7	160,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	160,000
Net Cash Inflow/(Outflow)		(21,000)	(31,000)	24,000	64,000	(101,000)	(1,000)	14,000	(1,000)	(101,000)	(1,000)	(10,000)	-	-	-	(25,000)	(190,000)
Closing Cash Balance		**244,119**	**213,119**	**237,119**	**301,119**	**200,119**	**199,119**	**213,119**	**212,119**	**111,119**	**110,119**	**100,119**	**100,119**	**100,119**	**100,119**	**75,119**	**75,119**
Cumulative DIP Drawn	8	-	-	-	-	-											-

Coast Automotive Group Inc., Coast North Vancouver Auto Sales Inc. ("North Van"), Coast Auto Drayton Inc. ("Drayton Valley"), and 2461765 Alberta Ltd. (together, the "Companies" or the "Debtors")
Combined Cash Flow Forecast for the Period
April 20th, 2026 to August 2nd, 2026
($ CAD)

Notes to the Unaudited 15-Week Cash Flow Forecast of the Applicants

In preparing this 15-week cash flow forecast (the "**Sixth Revised Cash Flow Forecast**") the Debtors have relied upon unaudited financial information and the Debtors have not attempted to further verify the accuracy or completeness of such information. The Sixth Revised Cash Flow Forecast includes estimates concerning the operations of the Debtors and additional information discussed below with respect to the requirements of a Companies Creditors Arrangements Act ("**CCAA**") filing. Since the Sixth Revised Cash Flow Forecast is based upon assumptions of future events and conditions that are not ascertainable, the actual results achieved during the period will vary from the Sixth Revised Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurances that any of the estimates, forecasts or projections will be realized.

Overview

The Sixth Revised Cash Flow Forecast includes the receipts and disbursements of all of the Debtors during the Sixth Revised Cash Flow Forecast Period. The Debtors, with the assistance of BDO Canada Limited in its capacity as the monitor of the Debtors (the "**Monitor**") have prepared the Sixth Revised Cash Flow Forecast based primarily on estimated disbursements related to the ongoing operations and to the CCAA proceedings. **The Sixth Revised Cash Flow Forecast excludes the gross amounts or proceeds realized from the sale of the North Van and Drayton Valley dealership assets and distributions of the proceeds thereof to the Bank of Montreal which have occurred to date.**

Assumptions:

1 Based on estimated works orders submitted and the collection of outstanding receivables after the close of both sale transactions.
2 Payment for the corporate controller and Coast North Van's general manager who continue to assist the Monitor with various wind-down and litigation matters.
3 Payment of the remaining vendor payments and any outstanding MasterCard charges.
4 Costs of the Monitor and its counsel associated with the on-going litigation claim.
5 Contingency (inclusive of GST/PST) is assumed to cover unanticipated costs.
6 Remaining GST and PST remittances and/or refunds.
7 Cash proceeds from the sale transactions net of reserves for the Court charges, potential priorities, bankruptcy costs, litigation costs, etc.
8 The Interim DIP financing provided by the Bank of Montreal has been repaid inclusive of interest.