

In the Court of Appeal of Alberta

Citation: Coast Automotive Group Inc (Re), 2026 ABCA 123

Date: 20260416
Docket: 2603-0064AC
Registry: Edmonton

***In the Matter of the Companies' Creditors Arrangement Act,
RSC 1985, c C-36, as amended***

**And in the Matter of the Compromise or Arrangement of
Coast Automotive Group Inc, Coast North Vancouver Auto Sales Inc,
Coast Auto Drayton Inc, and 2461765 Alberta Ltd**

Between:

**Coast Automotive Group Inc, Coast North Vancouver Auto Sales Inc,
Coast Auto Drayton Inc, 2461765 Alberta Ltd, Sundeep Cheema, and Deepak Parmar**

Applicants

- and -

**Bank of Montreal and BDO Canada Limited, 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**

Respondents

**Oral Reasons for Decision of
The Honourable Justice Kevin Feehan**

Applications for Permission to Appeal
and Stay of Order

**Oral Reasons for Decision of
The Honourable Justice Kevin Feehan**

I. Overview

[1] Coast Automotive Group, Coast North Vancouver Auto Sales, Coast Auto Drayton, and 2461765 Alberta (the “**Coast Automotive Group**”), and Sundeep Cheema, Deepak Parmar, Harjot Randhawa, and Deerfoot Atria Partners (the “**Non-CCAA Parties**”) apply for permission to appeal a March 10, 2026 order, and a stay of that order, of a chambers judge in *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, proceedings on an urgent basis, heard April 15, with a request for an oral decision from the bench, to allow the parties to proceed to a full day application in front of a further chambers judge on April 17, 2026.

[2] The orders made by the chambers judge dismissed the applications of the Coast Automotive Group and the non-CCAA parties:

- a) seeking to compel the oral examination of a corporate representative of the court-appointed Monitor of the Coast Automotive Group, BDO Canada, concerning contents of the Third Report of the Monitor, filed December 3, 2025, or in the alternative compelling the Monitor to provide answers to certain interrogatories by way of affidavit; and
- b) ordering the corporate representative of the Monitor to re-attend for cross-examination concerning the Fee Affidavit of the Monitor sworn December 2, 2025.

[3] Further, the chambers judge allowed the Bank of Montreal’s application for security for costs, ordering the Non-CCAA parties to post security for costs in respect of the cross-application of the Coast Automotive Group and Non-CCAA Parties, returnable April 17, 2026, in the amount of \$100,000.00 payable on or before March 24, 2026.

[4] The applications scheduled to be heard on Friday, April 17, 2026 include the Monitor’s application to seek its discharge and termination of the CCAA proceedings, and a cross-application of the Coast Automotive Group and Non-CCAA Parties to declare that they may proceed with what has been called the Founder’s Claim, to amend an amended and restated initial order, to dispense with certain of the Monitor’s powers and court-ordered charges, to impose a charge in favour of unidentified third-party funders of the Founder’s Claim, to authorize cross-examination of the Monitor as it relates to fees, to maintain the continuation of CCAA proceedings, to authorize it to proceed to reorganize the Coast Automotive Group despite all assets having been realized, to declare that the Monitor is in a conflict of interest, and to seek appointment of a new Monitor.

[5] I was advised during oral submissions that the Monitor had filed a Fifth Monitor’s Report on April 13, 2026, modifying what might be in front of the chambers judge on April 17, 2026. The Monitor will seek an extension of the CCAA proceedings to July 31, 2026 to accommodate written

decisions made by the Court today and by the chambers judge on April 17, 2026. Additionally, BDO will substitute its proposal to place the Coast Automotive Group into bankruptcy with a *Wage Earner Protection Plan Act*, SC 2005, c 47, declaration to ensure the workers receive unpaid wages.

II. The Chambers Judge's Decision

[6] The chambers judge filed an Endorsement on March 10, 2026 after having heard submissions on February 6, 2026. She outlined the extensive history of this CCAA action from July 16, 2025 to the date of her decision, and the separate civil claim, referred to as the Founder's Claim, of November 28, 2025, in which the Coast Automotive Group and Non-CCAA Parties commenced an action against the Bank of Montreal alleging breach of contract, breach of fiduciary duty, misrepresentation, defamation, improvident realization, and constructive trust.

[7] The chambers judge recognized that the proceeds available through the CCAA action would be insufficient to satisfy the Coast Automotive Group's indebtedness to the Bank of Montreal. The Bank of Montreal says that indebtedness would be in excess of \$16 million dollars.

[8] The chambers judge correctly noted that Canadian courts have consistently held that court-appointed officers in CCAA proceedings are not generally subject to questioning absent unusual or exceptional circumstances: *Confectionately Yours Inc, Re* (2001), 25 CBR (4th) 24, var'd on other grounds (2002), 219 DLR (4th) 72 (ON CA), leave ref'd 41 CBR (4th) 28; *Wallace & Carey Inc (Re)*, 2025 ABKB 750, para 80; *Re Big Sky Living Inc (Bankrupt)*, 2007 ABQB 249, para 4, 32 CBR (5th) 74; *Canadian Western Bank v Goshen Professional Care Inc*, 2025 SKKB 5, para 47. She acknowledged that while fiduciary duties exist, they do not entitle stakeholders to embark on a "fishing expedition" for information: *Pinnacle v Kraus*, 2012 ONSC 6376, para 27.

[9] The chambers judge reviewed, by category, the twenty-five interrogatories that had been provided to the Monitor and the responses given. She said the Monitor had produced documents from its files in response to interrogatories falling within the scope of these CCAA proceedings. She held that many of the interrogatories related to historical concerns about the Monitor's conduct or the Bank of Montreal's actions leading up to the sale of the dealerships, matters already resolved through court orders, and potentially more relevant to the Founder's Claim than the CCAA proceedings. She said Coast Automotive Group and the Non-CCAA Parties had not demonstrated exceptional or unusual circumstances warranting further examination of the corporate representative of a Monitor, whether orally or through additional written interrogatories. She found that no further responses were required and the request to examine the Monitor was denied.

[10] On the request to further cross-examine the corporate officer of the Monitor on the Monitor's Fee Affidavit, she said officers of the court are entitled to protection from irrelevant or improper questioning. She found the questions to which objections were made did not relate to whether the Monitor's fees and activities were reasonable and proper, which is the only issue

engaged by the Fee Affidavit. Again, she found that many of the questions to which objections had been made in the initial cross-examination sought to revisit historical events, strategic considerations, or actions already sanctioned by prior orders. She found that such questioning was inconsistent with the judicial protection afforded to court officers and with the need to preserve their neutrality. She concluded that the objections raised on the corporate officer's behalf were proper, did not relate to the reasonableness of the Monitor's accounts but instead sought information about pre-filing events, the Monitor's conduct already approved by the Court, or potential future reasons in a prospective bankruptcy. She therefore denied the request for further cross-examination of the corporate officer of the Monitor on the Fee Affidavit.

[11] On the application of the Bank of Montreal for security for costs, she set out the tests under r 4.22 of the *Alberta Rules of Court*, AR 124/2010, and acknowledged that the Court's jurisdiction to order security for costs extends to interlocutory applications within CCAA proceedings: *In the Matter of a Plan of Compromise or Arrangement of BZAM Ltd*, 2024 ONSC 3902, paras 26-33. She acknowledged that the Bank of Montreal bore the onus of establishing, on a balance of probabilities, that security should be ordered to weigh the Bank of Montreal's right to economic protection against the Non-CCAA Parties' right to pursue litigation: *Arcuri v Adamson*, 2006 ABCA 360, para 6, 401 AR 2018. Access to justice does not immunize a party from the cost consequences of litigation: *Aski Construction Ltd v Markos*, 2017 ABCA 341, para 11. She acknowledged that if the Bank of Montreal met its preliminary burden, the evidentiary onus shifted to the Non-CCAA Parties to demonstrate why the court should decline to exercise its discretion: *Mudrick Capital Management v Wright*, 2018 ABQB 648, para 8.

[12] On the security for costs application, the chambers judge reasoned that the Coast Automotive Group's primary assets had all been sold, the remaining cash would be exhausted by perhaps late March 2026, there was no evidence of significant assets belonging to the Non-CCAA Parties in Alberta, and noted their reliance on third-party financing for the Founder's Claim.

[13] The chambers judge determined there was no likelihood of their having meaningful assets in Alberta against which the Bank of Montreal could enforce a costs award, and their ability to pay a costs award weighed in favour of ordering security.

[14] The chambers judge found that whether there was a serious question to be tried and whether the application was not frivolous was a neutral factor: see *RDX Technologies Corporation v Appel*, 2019 ABCA 338, para 37. She was not persuaded that ordering security would unduly prejudice the Coast Automotive Group or the Non-CCAA Parties in their ability to pursue the Founder's Claim or their cross-applications.

[15] On the other hand, the chambers judge noted that the Bank of Montreal was financing the entirety of the CCAA proceedings, the applications of the Non-CCAA Parties would consume what little liquidity remained, and every dollar spent reduced the Bank of Montreal's recovery. She concluded that security for costs were in order, and the appropriate amount would be

calculated on using a multiple of Column 5, Schedule C, of the *Rules of Court*, fairly estimated at \$100,000.00.

III. Leave to Appeal

[16] Right of appeal to this Court from a decision of a chambers judge is permitted “on obtaining leave of the judge appealed from or of the Court or of a judge of the Court to which the appeal lies”; *CCAA*, ss 13 & 14.

[17] It is common ground that the test for leave is based on four criteria, to be assessed collectively:

- a) whether the point on appeal is significant to the practice;
- b) whether the point raised is of significance to the action itself;
- c) whether the appeal is *prima facie* meritorious, in that it is not frivolous; and
- d) whether the appeal will unduly hinder the progress of the action.

Canacol Energy Ltd (Re), 2026 ABCA 57, para 10, citing *Liberty Oil & Gas Ltd (Re)*, 2003 ABCA 158, paras 15-16, 44 CBR (4th) 96; *Bellatrix Exploration Ltd v BP Canada Energy Group ULC*, 2020 ABCA 178, paras 16; *Trican Well Service Ltd v Delphi Energy Corp*, 2020 ABCA 363, para 10; *Weibe v Weinrich Contracting Ltd*, 2021 ABCA 242, para 16; *BMO Nesbitt Burns Inc v Bellatrix Exploration Ltd*, 2020 ABCA 264, para 7, 81 CBR (6th) 161; *Canadian Natural Resources Limited v Laricina Energy Ltd*, 2016 ABCA 198, para 16.

[18] Appellate courts should exercise their powers sparingly when asked to intervene in issues which arise in CCAA proceedings: *Duke Energy Marketing Limited Partnership v Blue Range Resource Corporation*, 1999 ABCA 255, para 3, 12 CBR (4th) 186. Decisions of the chambers judge are accorded considerable deference and will be interfered with only if the judge acted unreasonably, erred in principle, or made a manifest error: *Uti Energy Corp. v Fracmaster Ltd*, 1999 ABCA 178, para 3, 11 CBR (4th) 230. Leave to appeal discretionary decisions of a chambers judge is granted sparingly and appellate courts are reluctant to intervene in CCAA proceedings and careful not to substitute their own discretion to that of the supervising judge, so long as the supervising judge has exercised their discretion judicially: *Henenghaixin Corp v Long Run Exploration Ltd*, 2025 ABCA 58, para 28, citing *Resurgence Asset Management LLC v Canadian Airlines Corporation*, 2000 ABCA 149, para 35, 19 CBR (4th) 33; *Angus A2A GP Inc v Alvarez & Marcel Canada Inc*, 2025 ABCA 147, para 25, citing *9354-9186 Québec Inc v Callidus Capital Corp*, 2020 SCC 10, paras 53-54, [2020] 1 SCR 521; *BMO Nesbitt Burns*, para 8; *Trican*, para 11; *Repsol Canada Energy Partnership v Delphi Energy Corp*, 2020 ABCA 364, para 11; *Laurentian University of Sudbury (Re)*, 2021 ONCA 199, para 20, 87 CBR (6th) 243.

i. Significance to the Practice

[19] The Coast Automotive Group and Non-CCAA parties say the rights of parties to evaluate a Monitor's evidence, and its duty of full and fair transparent disclosure are important in CCAA proceedings: *Goshen*, para 49.

[20] Whether the corporate officer of BDO should be ordered to attend oral examinations or in the alternative compelled to provide further and better responses to interrogatories, or to re-attend for further cross-examination on the Fee Affidavit, does not raise issues of "significance to the practice" in that it raises novel questions with little appellate jurisprudence: *BMO Nesbitt Burns*, para 13; *Laurentian University*, para 41; *Repsol*, para 10.

[21] Restrictions on the cross examination of court appointed officers is settled law, which has been addressed multiple times: *SA Capital Growth v Mander Estate*, 2012 ONCA 681, para 8, 354 DLR (4th) 748; *Confectionately Yours*, para 2; *Ravelstone Corporation Limited (Re)*, 29 CBR (5th) 1, para 28, aff'd 2007 ONCA 135; *Wallace & Carey*, para 80.

[22] The application of settled law to these facts does not have significance to the CCAA practice; *RMP Energy Inc v SemCAMS ULC*, 2012 ABCA 312, para 35; *Canacol Energy Ltd (Re)*, para 12; *Bellatrix*, para 7; *Resort Funding LLC v Fairmont Resort Properties Ltd*, 2009 ABCA 360, para 15, 464 AR 265.

ii. Significance to the Action

[23] The Coast Automotive Group and the Non-CCAA Parties say the role of the Monitor is central to CCAA proceedings and impartiality of the Monitor is central to this overall action.

[24] But they have already had an opportunity to ask and receive answers to relevant questions on the Third Report and the Fee Affidavit, and the chambers judge has determined that the information and answers provided were fully adequate.

[25] Further, cross-examination or written interrogatories on either the Third Report and the Fee Affidavit would not resolve the remaining issues in this proceeding, would risk compromising the Monitor's neutrality and impeding the progress of this action. These issues are not of sufficient significance to this action to warrant return to interrogatories, and cross-examinations.

iii. Meritorious and Not Frivolous

[26] The Coast Automotive Group and Non-CCAA Parties say that the chambers judge did not evaluate the reasonableness of their requests, particularly since they are questioning the Monitor's objectivity and neutrality. They say they have historical concerns related directly to the conflict of interest claim, and the objectivity and neutrality of the Monitor. On the question of the Monitor's

fees, they say the Monitor is to be treated as an ordinary litigant with an understandable self interest in the outcome; *Confectionately Yours*, para 31.

[27] BDO replies that none of the concerns of the Coast Automotive Group and Non-CCAA Parties have merit. It says at this advanced stage of the CCAA proceedings “the scope of what is now reasonable and relevant is narrow.” It must be confined to the remaining live issues, as indicated by the chambers judge. There are no demonstrable or unusual circumstances warranting further examination of the Monitor. The Coast Automotive Group and Non-CCAA Parties are merely dissatisfied with the response received from the Monitor. BDO says the Monitor was cooperative in responding to interrogatories, and the Coast Automotive Group and Non-CCAA Parties are really attempting to gather information in support of the Founder’s Claim, proceeding independently against the Bank of Montreal.

[28] The chambers judge said the requests of the Coast Automotive Group and Non-CCAA Parties were retreading ground already determined, which she said, “cannot be reopened in the context of these CCAA proceedings”. That appears to be a defensible observation.

[29] It is not possible to say that the requests of the Coast Automotive Group and Non-CCAA Parties are frivolous. However, their concerns do not rise above the necessary requirement for exceptional or unusual circumstances. A review of the application does substantiate the concern that one of the driving goals of the Coast Automotive Group and Non-CCAA Parties is to obtain information for the Founder’s Claim, while proceeding concurrently with this claim.

iv. Hinderling the Progress of the Action

[30] A litigation timetable had been set in the chambers judge’s scheduling order of December 9, 2025. A full day hearing of the significant applications of the Monitor and cross-applications of the Coast Automotive Group and Non-CCAA Parties was scheduled for a full day hearing on February 18, 2026, now delayed until two days from now, April 17, 2026. A decision to now allow further interrogatories, and further examinations or cross-examinations, will delay these applications and the timely and orderly resolution of the CCAA proceedings. It is in all of the parties’ best interests that the full day applications proceed as scheduled.

[31] The application for permission to appeal the further interrogatories, examination, and cross-examination order of the chambers judge, and for a stay of the chambers order of March 10, 2026, is dismissed.

IV. Security for Costs

[32] The Coast Automotive Group and Non-CCAA Parties also seek leave to appeal the decision of the chambers judge granting security of costs of \$100,000.00, payable by March 24, 2026. I am advised that the security for costs was posted with counsel as required. The tests for leave to appeal

on this proposed issue is the same as indicated earlier for the requests for further interrogatories, examinations, and cross-examinations of the corporate officer of BDO.

[33] Rule 4.22 of the *Alberta Rules of Court*, Alta Reg 124/2010, reads:

4.22 The Court may order a party to provide security for payment of a costs award if the Court considers it just and reasonable to do so, taking into account all of the following:

- (a) whether it is likely the applicant for the order will be able to enforce an order or judgment against assets in Alberta;
- (b) the ability of the respondent to the application to pay the costs award;
- (c) the merits of the action in which the application is filed;
- (d) whether an order to give security for payment of a costs award would unduly prejudice the respondent's ability to continue the action;
- (e) any other matter the Court considers appropriate.

[34] The test for granting security for costs is set out in detail in *Poole v City Wide Towing and Recovery Service Ltd*, 2020 ABCA 102, paras 47-51, 62 CCEL (4th) 184; see also *Milot Law v Sittler*, 2024 ABCA 116, para 15. As set out in *Poole* at para 47, “[t]he applicant bears the burden of establishing, on a balance of probabilities, that it is just and equitable to order security for costs or that the respondent will be unable to pay costs that may be awarded: *PricewaterhouseCoopers Inc v Perpetual Energy Inc*, 2020 ABCA 36, para 18, [75 CBR (6th) 179, leave to appeal ref'd, 2020 ABCA 254]. This is a disjunctive test.”

[35] “A security for costs order is discretionary and balances the reasonable expectations of the parties with their rights in order to arrive at a just and reasonable outcome”: *Parker v Parker*, 2019 ABCA 114, para 4, 89 Alta LR (6th) 104; see also *Spiess v Spiess*, 2025 ABCA 3, paras 19-21; *RDX*, para 41.

[36] The chambers judge found as fact that there is little likelihood the Bank of Montreal would be able to enforce a costs award against assets in Alberta and little ability for the Coast Automotive Group and Non-CCAA Parties to pay a costs award, factors which she weighed in favour of ordering security. She considered the merits of the cross-application and concluded this factor was neutral. She weighed, as additional relevant considerations, the fact that the Bank of Montreal was financing the CCAA proceedings and the cross-application would consume what little liquidity remained, reducing the Bank of Montreal's recovery. Her reasons demonstrate that she considered the relevant factors and reasonably exercised her discretion in ordering security for costs. Moreover, the Coast Automotive Group and Non-CCAA parties have failed to demonstrate how an appeal of the chambers judge's discretionary order for security for costs would hold significance to the practice or the proceeding, particularly given that security has been posted and the cross-applications will proceed on April 17, 2026. Permission to appeal the security for costs order is refused.

V. Conclusion

[37] The applications for leave to appeal on the request for further interrogatories, examination or cross-examination of a corporate officer of BDO, and for determination for security for costs, are dismissed.

Application heard on April 15, 2026

Reasons filed at Edmonton, Alberta
this 16th day of April, 2026



A handwritten signature in blue ink, consisting of a stylized, cursive name.

Feehan J.A.

Appearances:

D.W. Mann, KC (no appearance)

S.C. Chimuk

C. Pittman (student-at-law)
for the Applicants

K.J. Bourassa

A. Shalviri

for the Respondent BDO Canada Limited, in its capacity as court-appointed Monitor of
The Coast Group

J. Reid

B.A. Hosking (no appearance)

for the Respondent Bank of Montreal