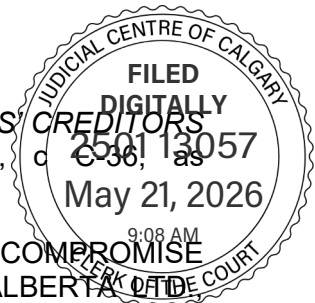


COURT FILE NUMBER 2501 - 13057

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE 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 2345137 ALBERTA LTD.,
2351497 ALBERTA LTD., 2497902 ALBERTA LTD.,
SUMMIT S AUTO LTD., SUMMIT V AUTO LTD., MK
AUTO K-M LTD., 2437342 ALBERTA LTD., 1972207
ALBERTA LTD., 1175104 B.C. LTD., 1262113 B.C.
LTD., 1272986 B.C. LTD., 2412170 ALBERTA LTD.
AND 2416326 ALBERTA LTD.

DOCUMENT

REPLY BRIEF OF LAW

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

MILLER THOMSON LLP
Eighth Avenue Place East
43rd Floor, 525 8th Avenue S.W.
Calgary, AB T2P 1G1

Attention: James W. Reid / Pavin Takhar
Telephone: 403.298.2418 / 403.298.2432
E-mail: jwreid@millerthomson.com /
ptakhar@millerthomson.com
File no: 0262720.0004

TABLE OF CONTENTS

PART I - INTRODUCTION..... 1

PART II – FACTS 1

PART III - ISSUES..... 1

A. The Loan Store was Aware of Westcastle GMC Being Brought into These Proceedings 2

B. The Monitor and its counsel made Appropriate Inquiries regarding The Loan Store 4

C. The Claims Procedure Is Appropriate to Determine any Claims to Westcastle GMC Sale Proceeds..... 5

D. The Monitor Should be Authorized to Sell the Westcastle GMC Vehicles 6

E. Westcastle GMC was Insolvent on the Westcastle GMC Closing Date 7

F. The Questioning of a Court Officer is not appropriate 8

PART IV - REQUESTED RELIEF 9

TABLE OF AUTHORITIES.....11

PART I - INTRODUCTION

1. This Reply Brief of Law is submitted by BDO Canada Limited ("**BDO**"), in its capacity as Court-appointed Monitor (in such capacity, the "**Monitor**") of 2345137 Alberta Ltd. ("**Vermilion Chrysler**"), 1262113 B.C. Ltd. ("**Western Sport Products**"), 2497902 Alberta Ltd. ("**Castle Ford**"), 1175104 B.C. Ltd. ("**Cranbrook Mitsubishi**"), 1272986 B.C. Ltd. ("**Sun Valley Nissan**"), Summit V Auto Ltd. ("**Arrow VW**"), 2437342 Alberta Ltd. ("**Squamish Chrysler**", with Vermilion Chrysler, Western Sport Products, Castle Ford, Cranbrook Mitsubishi, Sun Valley Nissan, and Arrow VW, the "**Operating Debtors**"), Summit S Auto Ltd. ("**Real Co**"), MK Auto K-M Ltd. ("**MK Auto**"), 2351497 Alberta Ltd. ("**235 AB**") and 1972207 Alberta Ltd. ("**197 AB**", and together with Vermilion Chrysler, Cranbrook Mitsubishi, Sun Valley Nissan, Western Sport Products, Squamish Chrysler, Castle Ford, Arrow VW, Real Co, MK Auto, and 235 AB, the "**Summit Auto Group**"), 2412170 Alberta Ltd. ("**Westcastle Dealership**") and 2416326 Alberta Ltd. ("**Westcastle Real Co**") together with Westcastle Dealership, "**Westcastle GMC**" and together with the Summit Auto Group, the "**Debtors**").
2. This Reply Brief of Law is in response to the Bench Brief on behalf of The Loan Store submitted May 15, 2026, in support of The Loan Store's cross-application returnable May 22, 2026 ("**The Loan Store Brief**").
3. This Reply Brief of Law should be read in conjunction with the Brief of Law of the Monitor filed on May 14, 2026 (the "**First BDO Brief**"). Capitalized terms used herein and not otherwise defined have the same meaning as ascribed to such terms in the First BDO Brief.

PART II – FACTS

4. The relevant facts in response to The Loan Store Brief are discussed in response to the issues raised.

PART III - ISSUES

5. The issues to be determined by this Honourable Court are whether:
 - (a) The Loan Store received valid notice of the January 7 and 9 Applications within CCAA Proceedings;

- (b) The Monitor adequately communicated with The Loan Store;
- (c) Westcastle GMC was insolvent on the Westcastle Closing Date;
- (d) This Court should authorize the Monitor to sell the Westcastle GMC Vehicles;
- (e) This Court should authorize the Claims Procedure to deal with any claims of The Loan;
and
- (f) This Court should require that the CRO attend questioning.

A. The Loan Store was Aware of Westcastle GMC Being Brought into These Proceedings

- 6. On January 5, 2026, unfiled application materials for the hearing returnable January 7, 2026, were served via TitanFile to all those on the e-mail service list.¹ On January 6, 2026, the filed copies were served on the e-mail service list.²
- 7. The Loan Store was served via email at the email address INFO@THELOANSTORE.CA, c/o Martin Hausner ("**Service Email Address**").³
- 8. The corporate search for The Loan Stores sets out that the primary agent for service of The Loan Store is Mr. Hausner and lists the e-mail address for service on The Loan Store as the Service Email Address.⁴
- 9. The Loan Store Brief claims that the Service Email Address is a "single generic customer-service email address".⁵ However it is appropriate for the Monitor to have served the primary agent of service in the manner prescribed in the corporate search. Further, The Loan Store was aware of the intention to bring Westcastle GMC into these CCAA proceedings.
- 10. The Monitor's counsel was in communication with then counsel to The Loan Store in advance of the January 9 comeback hearing for the Amended and Restated Order that brought Westcastle GMC into these CCAA proceedings. On January 8, 2026, former counsel to The Loan Store, LinQLaw, first reached out to counsel to the Monitor. The Loan

¹ Affidavit of Marica Ceko, sworn January 6, 2026 at para 2.

² Ibid.

³ Ibid.

⁴ Affidavit of Martin Hausner, sworn May 14, 2026 ("**Second Hausner Affidavit**") at Exhibit A.

⁵ The Loan Store Brief at para 65.

Store's counsel stated "I am in the process of being retained. Can you please provide the materials for the January 9th Application."

11. The Loan Store Brief faults the Monitor for not advising the Court of the settlement agreement and The Loan Store's claim for a proprietary interest in the proceeds of sale of Westcastle GMC at either the January 7 or January 9 hearings. However, at the time of these hearings, the Monitor was not made aware by The Loan Store or its counsel of such claims. Further, Michael Koch had two personal counsel in attendance and Mr. Jomha on behalf of Westcastle GMC at the January 7 hearing, none of whom advised the Court of any alleged settlement agreement.⁶
12. Despite being aware of the January 9 comeback hearing and having purportedly negotiated the settlement agreement on December 19, 2025, neither Mr. Hausner nor The Loan Store's counsel attended the application on January 9 to advise the Court of the settlement agreement, nor did either of them advise counsel to the Monitor of any settlement agreement.
13. Mr. Koch made lengthy submissions at the January 9 comeback hearing but never advised the Court of a settlement agreement.⁷
14. The January 7 and January 9 Applications did not prejudice The Loan Store's rights to claim entitlement to the proceeds from the Westcastle GMC Vehicles or remaining cash proceeds from the Westcastle GMC Transaction. The Vesting Order granted on January 7 did not take away The Loan Store's rights or ability to claim priority to the proceeds. It simply provided that the proceeds would now stand in the place of the Purchased Assets.
15. There was nothing unique to the Vesting Order, or how creditors are to be treated in this CCAA proceeding that differentiates from the Receivership Proceeding, which was the alternative process being contemplated by TD Bank and Mr. Koch's insolvency counsel.
16. The issue of notice and service is *res judicata*. Time for service was abridged given the circumstances Westcastle GMC was in, and the Court found service was good and sufficient.⁸ The Loan Store's counsel has advised that it is not appealing any of the previously granted Orders.

⁶ Second Hausner Affidavit at Exhibit K.

⁷ Second Hausner Affidavit at Exhibit L.

⁸ [Vesting Order](#), dated January 7, 2026; [Amended and Restated Order](#), granted January 9, 2026.

17. The Monitor, through its counsel, communicated with The Loan Store through its counsel frequently and on a timely basis. The suggestion of unfair treatment of The Loan Store by the Monitor is unsubstantiated.

B. The Monitor and its counsel made Appropriate Inquiries regarding The Loan Store

18. While the Monitor was made aware that The Loan Store may be a potential claimant in the estate of Westcastle GMC on December 17, the Monitor was not advised by any of The Loan Store, Westcastle GMC, Mr. Koch or their respective counsel of a purported settlement agreement prior to the January 7 and January 9 hearings.

19. On January 22, 2026, each of Mr. Koch and Mr. Hausner filed affidavits with the Court. This was the first time either party provided information to the Monitor regarding a settlement agreement purportedly negotiated through Mr. Koch's counsel Ahmed Jomha.⁹ On January 22, 2026, Mr. Jomha advised counsel to the Monitor that he never drafted or reviewed any documentation relating to an agreement with The Loan Store and that he only had correspondence with counsel where it was agreed \$500,000 would be paid to discharge The Loan Store's recently registered caveat at the Land Titles.¹⁰

20. On February 3, 2026, counsel for the Monitor requested information regarding the alleged settlement agreement from counsel for The Loan Store. The information requested included whether the vehicles that were part of the alleged settlement remained in The Loan Store's possession, whether any vehicles had been sold, any loan agreement, security documents, and any bank records and other evidence showing the advance of funds from The Loan Store to Westcastle GMC.¹¹

21. On February 19, 2026, then counsel for The Loan Store provided the Advances Confirmation.¹² This information did not include pertinent information for the Monitor to assess the validity of the claim, including providing bank records showing the funds having been advanced, where the purported funds came from, where they went, how they were requested, and what they were used for.

⁹ Affidavit of Martin Hausner sworn January 22, 2026 at para 4; Affidavit of Mike Koch sworn January 22, 2026 at para 13.

¹⁰ [Supplement to the Seventh Report](#) at Appendix S.

¹¹ Supplement to the Seventh Report at para 37.

¹² Supplement to the Seventh Report at para 38.

22. On February 23, 2026, counsel for the Monitor sent correspondence to then counsel for The Loan Store regarding The Loan Store's failure to comply with the Freezing Order. Counsel for The Loan Store provided some additional information, including that The Loan Store had not sold any Westcastle GMC Vehicles and they remained parked. The Loan Store did not provide the physical locations of the Westcastle GMC Vehicles.¹³
23. On March 2, 2026, counsel for the Monitor requested the missing information regarding the location of the Westcastle GMC Vehicles and later, on March 4, 2026, requested a call with counsel to The Loan Store.¹⁴ This request was unanswered.¹⁵
24. On March 16, 2026, counsel for the Monitor proposed that the Westcastle GMC Vehicles be sold and proceeds dealt with in the Claims Procedure.¹⁶
25. On March 20, 2026, former counsel withdrew as counsel of record for The Loan Store.¹⁷
26. Since being appointed as Monitor over Westcastle GMC, the Monitor and its counsel have diligently sought information from The Loan Store to obtain a fulsome, clear understanding of The Loan Store's claim. The Monitor intends to continue to work with The Loan Store and its counsel through the Claims Procedure to obtain the information needed for the Monitor to form an opinion on the purported loan and settlement agreement.

C. The Claims Procedure Is Appropriate to Determine any Claims to Westcastle GMC Sale Proceeds

27. The Loan Store claims can be appropriately addressed by the Claims Procedure.
28. The Monitor requires additional documentation including proof of the advances of funds to Westcastle GMC. The information the Monitor has is the following (1) The Loan Store was not listed in Westcastle GMC's financial statements; (2) the CFO was not aware of any loan from The Loan Store; (3) the bank statements of Westcastle GMC do not show any deposits related to the advances by The Loan Store; and (4) the advances were signed by Mr. Koch as borrower.

¹³ Supplement to the Seventh Report at para 41.

¹⁴ Supplement to the Seventh Report at paras 43-44.

¹⁵ Supplement to the Seventh Report at para 44.

¹⁶ Supplement to the Seventh Report at para 16.

¹⁷ Supplement to the Seventh Report at para 48 and Appendix K.

29. Mr. Koch's evidence is that these advances were all made to him personally in cash "given the nature of the Companies' business operations" in order to "facilitate business expenses and operational needs".¹⁸ The Monitor requires more information on what business expenses and operational needs required cash payment, and where these purported cash payments went. They do not appear to have been deposited in any Westcastle GMC bank accounts.
30. The Claims Procedure can address these information gaps. The proposed Claims Procedure at paragraph 23, allows the Monitor to request additional information it may need to assess a claim. It also allows the Monitor to attempt to resolve and settle any issues arising. If a resolution cannot be reached with The Loan Store, the proposed Claims Procedure has an adjudication process, which includes seeking a determination of any unresolved matters by this Court.
31. At this time, the Monitor seeks to work with The Loan Store and its counsel to gather the facts needed to assess its claim. It is premature to establish a litigation schedule when there is an information gap that could make litigation unnecessary.
32. Further, there are other known parties, including secured parties making claims against the sale proceeds. To delay the Claims Procedure until the The Loan Store's claim is determined will further delay distributions, including to The Loan Store, because if it is determined to have a valid claim, priority of such a claim cannot be determined until all claims are assessed and considered.

D. The Monitor Should be Authorized to Sell the Westcastle GMC Vehicles

33. The Monitor is a Court-appointed officer that is required to report to the Court on all of its activities. It is required to exercise its duties in accordance with its appointing order and its obligations to the Court.
34. The actions of the Monitor are taken for the benefit of all stakeholders of Westcastle GMC.
35. The Monitor remains in the best position to sell the Westcastle GMC Vehicles for the benefit of Westcastle Dealership and its creditors, given its duties to the estate.

¹⁸ Affidavit of Michael Koch sworn April 9, 2026 at para 7

36. The Monitor has provided a detailed plan on how it intends to realize on the Westcastle GMC Vehicles.¹⁹ While the Loan Store advises that it can sell the vehicles with Court approved terms, the Monitor is not aware of what such terms are.
37. There is no prejudice to The Loan Store if the Monitor sells the assets. Transparency and fairness to all parties support that the Monitor conducts the sales and holds the sale proceeds in trust until it is authorized to make distributions pursuant to Court order.
38. The Loan Store requests in the alternative that it be entitled to costs for storing the Westcastle GMC Vehicles since the Freezing Order. It does not specify what those costs are or how and why they were incurred. The Monitor is of the view that the Westcastle GMC Vehicles were wrongfully transferred to The Loan Store and the Westcastle Dealership estate should not bear the burden of these costs. However, the proposed Claims Procedure would permit The Loan Store to claim for such costs, in which case the Monitor would review any such claim.

E. Westcastle GMC was Insolvent on the Westcastle GMC Closing Date

39. The facts before the Court demonstrate the insolvency of Westcastle GMC on December 19, 2025.
40. The following creditors were listed between the two Westcastle GMC entities in the public registries:
 - (a) TD Bank registered against each of the Westcastle GMC entities in the PPR;
 - (b) TD Bank registered against Westcastle RealCo in the LTO;
 - (c) Great North Auto registered against Westcastle Dealership in the PPR; and
 - (d) The Loan Store had pending registrations against Westcastle RealCo in the LTO queue.
41. TD Bank issued demands for repayment and issued a section 244 notice under the BIA, which demands were unsatisfied at the Westcastle GMC Closing Date.²⁰

¹⁹ [Seventh Report](#) at para 107.

²⁰ Affidavit of Amanda Bezner, sworn January 8, 2026 at para 22, Exhibit 18.

42. The Loan Agreement between Westcastle GMC and The Loan Store had purportedly matured on April 30, 2025. Based on the evidence given by Mr. Koch and The Loan Store, no payments had been made on the outstanding indebtedness and the loan was in default as at the Westcastle GMC Closing Date.²¹
43. Further the materials of The Loan Store suggest that even in the event the Settlement Agreement is determined to be valid and enforceable, it only represented a partial payment of the indebtedness. This settlement was only purported to reduce the indebtedness owing to The Loan Store, not satisfy all indebtedness. The Loan Store states that it was agreeable to close by receiving a \$500,000, and a package of vehicles to discharge the caveat registered against the Westcastle RealCo lands.²² There would be a registration for the remaining debts against a property located at 3301 MT Fisher Drive, Cranbrook.²³
44. Westcastle GMC on the Closing Date was left with no assets, having closed the Westcastle GMC Transaction and would remain indebted to The Loan Store. The Loan Store has not provided information on how much indebtedness was remaining after satisfaction of the terms of the settlement agreement.
45. Courts have been prepared to draw common-sense inferences from the proven facts.²⁴ The facts are that there are multiple known creditors of Westcastle GMC. Westcastle GMC could not repay its creditors when such amounts were due. At the time of the Westcastle GMC Closing Date, Westcastle GMC's loans were in default and were not satisfied.
46. This Court has already determined on the evidence before it that Westcastle GMC met the definition of insolvent when it ordered that Westcastle GMC be brought into these CCAA proceedings. Neither The Loan Store, or any other creditor appealed the Amended and Restated Westcastle GMC CCAA Order and the time for appeal has passed.²⁵

F. The Questioning of a Court Officer is not appropriate

47. Canadian courts consistently hold that Court-appointed officers in CCAA proceedings such as monitors are not generally subject to questioning absent unusual or exceptional

²¹ Second Hausner Affidavit at para 21.

²² Second Hausner Affidavit at para 40.

²³ Ibid.

²⁴ *Re Holt Motors Ltd*, [1966 CarswellMan 3](#), 56 WWR 182, 57 DLR (2d) 180.

²⁵ [Amended and Restated Order](#), granted January 9, 2026.

circumstances.²⁶ Court officers are to remain neutral and objective and extensive questioning risks compromising that role.²⁷

48. Where clarification is required, the appropriate mechanism is written interrogatories, not oral examination.²⁸ A Court officer may properly decline to answer questions that are overly broad, irrelevant, or outside the scope of its mandate.²⁹
49. The CRO was Court-appointed pursuant to the ARIO and remains an extension of the Monitor. Any reporting done by the CRO was through the Monitor's duty to report to the Court.
50. Although The Loan Store is not appealing any of the previously granted orders in which the CRO reports were relied upon, if The Loan Store has any questions for the CRO on the reports relied on for past applications, these questions can appropriately be dealt with through written interrogatories.
51. Further, it is the Monitor's view that written interrogatories are not required at this time. The Monitor first seeks to pursue the information gathering steps in the proposed Claims Procedure to try and resolve claims. If the Monitor cannot resolve The Loan Store claim through the proposed Claims Procedure, and adjudication of the claim before the Court is required, it may then become appropriate for The Loan Store to seek interrogatories.

PART IV - REQUESTED RELIEF

52. For the reasons set out above, the Monitor requests that this Honourable Court dismiss the Application of The Loan Store and approve the Claims Procedure.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 20th day of May 2026.



James W. Reid / Pavin Takhar
Counsel for the Monitor, BDO Canada
Limited

²⁶ *Re Coast Automotive Group Inc*, 2026 ABKB [Endorsement of Justice Harris](#) dated March 10, 2026 at para 17.

²⁷ *Ibid*.

²⁸ *Ibid* at para 18.

²⁹ *Ibid*.

TABLE OF AUTHORITIES

TAB	AUTHORITY
1.	<i>Re Holt Motors Ltd</i> , 1966 CarswellMan 3 , 56 WWR 182, 57 DLR (2d) 180.
2.	<i>Re Coast Automotive Group Inc</i> , 2026 ABKB Endorsement of Justice Harris dated March 10, 2026