



NO. S-261320
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

ROYAL BANK OF CANADA

PLAINTIFF

AND:

WESTCOAST APPLIANCE CENTRE 2014 LTD.
CAPITAL IRON (2022) LTD.
ARAM HOLDINGS LTD.
TAHAMTAN ARAM ALSO KNOWN AS FRED ARAM

DEFENDANTS

APPLICATION RESPONSE

Application Response of: Wells Fargo Capital Finance Corporation Canada ("**Wells Fargo**")

THIS IS A RESPONSE TO the notice of application of the BDO Canada Limited, in its capacity as receiver and manager (the "**Receiver**") of Westcoast Appliance Centre 2014 Ltd. and Capital Iron (2022) Ltd. filed April 2, 2026.

The Application Respondents estimate that the application will take **1 hour**.

PART 1: ORDERS CONSENTED TO

The Application Respondents consent to the granting of the orders set out in the following paragraphs of Part 1 of the Notice of Application on the following terms: **NIL**.

PART 2: ORDERS OPPOSED

The Application Respondents oppose the granting of the orders set out in paragraphs **NIL** of Part 1 of the Notice of Application.

PART 3: ORDERS ON WHICH NO POSITION IS TAKEN

The Application Respondents take no position on the granting of the orders set out in paragraphs **1 and 2** of Part 1 of the Notice of Application.

PART 4: FACTUAL BASIS

1. Capitalized terms used and not defined herein have the same meaning given to them in Receiver's First Report, Second Report and/or the Receiver's notice of application filed April 2, 2026.

Wells Fargo's PMSI and Brand Specific Priority Agreement with RBC

2. Throughout the Second Report, including at paragraphs 3, 13, 14, 17-21 and 31, as well as at Appendix A, the Receiver characterizes certain inventory which it has released to Wells Fargo as being "SUBJECT TO WELLS FARGO PRIORITY PMSI". This characterization is not entirely accurate. It is more nuanced, based on the priority agreements.
3. As noted in the First Report at paragraphs 62 and 68, the Receiver confirmed its view on the priorities with respect to the Westcoast Inventory and the Capital Iron Inventory, including that:
 - a. Wells Fargo has priority for the Brand Specific Goods of Westcoast financed by Wells Fargo over all other creditors (the "**Westcoast Wells Fargo Brand Specific Goods**"),
 - b. Wells Fargo has a priority over any inventory of Capital Iron, the acquisition of which was financed by Wells Fargo, which remains unpaid by Capital Iron (the "**Capital Iron Wells Fargo Unpaid Goods**"), and
 - c. Priority reverts from Wells Fargo to RBC over any inventory of Capital Iron, the acquisition of which was financed by Wells Fargo, which has been paid in full Capital Iron (the "**Capital Iron Wells Fargo Paid Goods**").
4. Thus, the inventory identified by Wells Fargo is not merely subject to priority PMSI. Pursuant to the agreements between them, Wells Fargo has priority over RBC for the Westcoast Wells Fargo Brand Specific Goods and the Capital Iron Wells Fargo Unpaid Goods.
5. The inventory listed at Appendix A is more accurately referred to as the Westcoast Wells Fargo Brand Specific Goods and the Capital Iron Wells Fargo Unpaid Goods.
6. Wells Fargo has separately engaged Able Auctions to sell the Westcoast Wells Fargo Brand Specific Goods and the Capital Iron Wells Fargo Unpaid Goods.
7. Wells Fargo understands that the items to be sold by Able Auctions through the Auction Services Agreement between it and the Receiver will include what is referred to above as the Capital Iron Wells Fargo Paid Goods.

Pro-Rata Allocation

8. At paragraph 18 of the Second Report, the Receiver notes as follows:

"[...]Nonetheless, the Receiver understands that RBC is concerned that it has funded the entirety of the receivership costs to date and that all sales proceeds for the inventory realized by Cantrex and Wells Fargo will not flow through the Receiver. The Receiver understands that the costs of the receivership should be allocated on a pro-rata basis based on the gross recovery from the inventory for each respective secured creditor, in accordance with the terms of the Receivership Order."

9. Wells Fargo is unaware of how the Receiver came to "understand" that the costs of the receivership be allocated on a pro-rata basis based on the gross recovery from the inventory for each respective secured creditor.
10. To be clear, Wells Fargo has and continues to expressly reserve all rights to oppose any such allocation of costs, and to apply to vary the Receivership Order on a *nunc pro tunc* basis. Wells Fargo has not engaged in any further discussions with the Receiver or any of the stakeholders on an allocation of costs, since the date of the Comeback Order.
11. It is Wells Fargo's position that it is not the Receiver's role to opine on matters of allocation. Instead, this is a matter that ought to be resolved by the Court, or agreement of the parties affected, at a later date.

Customer Deposits

12. Prior to receipt and review of the Second Report, Wells Fargo was not aware of the Receiver's activities described at paragraphs 28-31 in relation to customer deposits and the Serial Inventory, including that the Receiver is releasing certain products to customers who have paid in full for those items.
13. Accordingly, Wells Fargo has been unable to engage with the Receiver or the stakeholders on this issue, and has not had a chance to consider the factual or legal basis for the Receiver's determination that some of the Serial Inventory ought to be released to customers.
14. Wells Fargo thus notes that the Receiver's dealings with the Serial Inventory ought not establish any precedent, expectation or protocol as it relates to potential claims from customers in relation to the Westcoast Wells Fargo Brand Specific Goods and the Capital Iron Wells Fargo Unpaid Goods.
15. While Wells Fargo has undertaken to comply with any future Court order regarding payment of buyer's lien claims, it has also expressly reserved the ability to oppose any future application or proceeding on its merits.

PART 5: LEGAL BASIS

16. Due to the limited notice for this application, Wells Fargo reserves the right rely on such further legal basis and authorities that counsel may advise at the hearing of this application.
17. Further, Wells Fargo maintains that its lack of opposition to any particular relief sought by the Receiver at this time is on a without prejudice basis to apply to vary the Receivership Order on a *nunc pro tunc* basis and/or in relation to future applications on allocation of costs.
18. Wells Fargo further reserves the right modify its position on any of the issues described herein, as these proceedings continue and subject to receipt of further information and the positions of other stakeholders.

PART 6: MATERIALS TO BE RELIED ON

1. The pleadings and the materials filed herein.
2. Such further and other material as counsel may advise.

Date: April 7, 2026



Signature of Lawyer for the Application
Respondents, Wells Fargo Capital Finance
Corporation Canada
Miller Thomson LLP
(Per: Balpreet S. Khatra)