

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

BANK OF MONTREAL

Applicant

- and -

TRUE NORTH FREIGHT SOLUTIONS INC. and NORTH SHORE LOGISTICS INC.

Respondents

SECOND REPORT OF BDO CANADA LIMITED, IN ITS CAPACITY

COURT-APPOINTED RECEIVER

January 24, 2025

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INTRODUCTION AND PURPOSE OF THIS REPORT

Introduction

1. Until early May 2024, True North Freight Solutions Inc. ("**True North**") and North Shore Logistics Inc. ("**North Shore**" and together with True North, the "**Debtors**") carried on business as logistics delivery companies. The Debtors operated a fleet of approximately 445 freight trucks and trailers (collectively, the "**Vehicles**") that serviced customers in the United States and Canada. The Debtors carried on business from the property municipally known as 11553 Tenth Line, Halton Hills, Ontario (the "**Real Property**"), which was owned by 1000088317 Ontario Inc. ("**8317**"), a company related to the Debtors.
2. Before they stopped carrying on business, the Debtors employed approximately 190 employees and subcontractors, approximately 150 of whom were truck drivers. Most of the truck drivers were incorporated subcontractors and not employees of the Debtors.
3. Mrs. Manpreet Bal ("**Bal**") and Mr. Harvinder Randhawa ("**Randhawa**") are the sole directors and officers of the Debtors.
4. On April 12, 2024, BDO Canada Limited ("**BDO**"), pursuant to an application made by the Bank of Montreal ("**BMO**" or the "**Bank**"), was appointed as interim receiver (in such capacity, the "**Interim Receiver**") of True North, North Shore and 8317 pursuant to an order of the Honourable Madam Justice Steele of the Ontario Superior Court of Justice (Commercial List) (the "**Court**").
5. Pursuant to bankruptcy orders issued by the Ontario Superior Court of Justice in Bankruptcy and Insolvency on May 6, 2024, the Debtors were adjudged bankrupt and BDO was appointed as Licensed Insolvency Trustee in Bankruptcy (in such capacity, the "**Trustee**").
6. On May 10, 2024, BDO, in its capacity as Interim Receiver, issued its report which set out, among other things, the circumstances leading to BDO's appointment as Interim Receiver and Trustee of the Debtors and BDO's initial findings on the Debtors' financial position. A copy of the Pre-Filing report was appended to the First Report of the Receiver.

7. On May 16, 2024 (the “**Date of Appointment**”), pursuant to an application made by BMO, BDO was appointed as receiver (in such capacity, the “**Receiver**”), without security, over all of the assets, undertakings and property of the Debtors, pursuant to an order of the Honourable Mr. Justice Osborne (the “**Receivership Order**”). A copy of the Receivership Order is attached hereto as **Appendix “A”**.
8. On May 21, 2024, MNP Ltd. (“**MNP**”) was appointed as receiver over the property, assets and undertakings of 8317, including the Real Property, on an application by Business Development Bank of Canada, which holds a first charge against the Real Property.
9. On June 14, 2024, pursuant to orders of the Honourable Mr. Justice Black, (collectively, the “**June 14 Orders**”), the Court:
 - (a) authorized the Receiver to enter into an Auction Agreement with Ritchie Brothers (“**Ritchie Bros.**” or the “**Auctioneer**”);
 - (b) issued a vesting order, vesting in successful purchasers at the auction(s) the right, title and interest in the purchased assets (the “**Vesting Order**”);
 - (c) approved the transfer of title in certain vehicles held in the name of 7927959 Canada Corp. (“**792**”) to the Debtors and authorized the Receiver to sell same pursuant to the terms of the Vesting Order (the “**792 Vehicles**”); and
 - (d) ordered Talka Credit Union (“**Talka**”) to comply with the Receiver’s information request.
10. Copies of the June 14 Orders are attached hereto as **Appendix “B” and Appendix “C”**.
11. The Receiver served and filed its First Report to the Court dated June 11, 2024 (the “**First Report**”) in support of the June 14, 2024 motion. A copy of the First Report, without appendices, is attached hereto as **Appendix “D”**.

Background

12. This report and all other Court materials and orders issued and filed in these receivership proceedings are available on the Receiver’s case website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/truenorthfreightsolutionsinc> and will remain available on the website for a period of six (6) months following the Receiver’s discharge.
13. Any terms not otherwise defined herein shall have the meanings ascribed to them in the Receiver’s First Report.

Purpose

14. The purpose of this second report of the Receiver (the "**Second Report**") is to:
- (a) update the Court on the Receiver's activities since the First Report, including:
 - (i) the Receiver's sale of the Vehicles;
 - (ii) release of the Vehicles to holders of Purchase Money Security Interests ("**PMSI**") in the released Vehicles;
 - (iii) review of the various creditors' security interests in the Vehicles;
 - (iv) the Receiver's receipts and disbursements to December 31, 2024;
 - (v) the Receiver's fees and disbursements and those of its legal counsel, Chaitons LLP ("**Chaitons**"); and
 - (b) support the Receiver's request that this Court make an order(s):
 - (i) approving this Second Report including the activities of the Receiver set out herein;
 - (ii) authorizing and directing the Receiver to distribute the net auction proceeds to the lenders holding valid and enforceable PMSIs against the applicable Vehicles sold (collectively, the "**Vehicle Financiers**" and each a "**Vehicle Financier**") in accordance with **Schedule "4"** to this Report;
 - (iii) declaring that BVD Capital Corporation and BVD Equipment Finance Inc. (collectively, "**BVD Equipment**") do not have valid PMSIs in the BVD Vehicles (as defined below) and that their security interest(s) in the BVD Vehicles rank behind BMO;
 - (iv) declaring that Coast Capital Equipment Finance Ltd. ("**Coast**") and/or Travelers (as defined below) do not have valid PMSIs in the Disputed Vehicles (as defined below) and that its/their security interest in the Disputed Vehicles rank behind BMO;
 - (v) requiring Randhawa, Bal, Parmjit Bal and Jagdeep Randhawa to provide all bank statements, cancelled cheques and details of wires/transfers to and from the account (the "**Banking Information**") in respect of any and all of the RBC Bank (Georgia) N.A. bank accounts including but not limited to Routing #063216608 Bank Account #503666243 (the "**RBC Bank NA Account(s)**") from the date opened until now;

- (vi) requiring Randhawa, Bal, Parmjit Bal and Jagdeep Randhawa to immediately pay to the Receiver any funds in the RBC Bank NA Account(s);
- (vii) requiring RBC Bank (Georgia) N.A. to cooperate with the Receiver, freeze the RBC Bank NA Account(s) and to provide all Banking Information in respect of the RBC Bank (Georgia) NA Account(s);
- (viii) requiring RBC Bank (Georgia) N.A. to pay to the Receiver any funds in the RBC Bank NA Account(s);
- (ix) approving the Receiver's interim statements of receipts and disbursements from the Date of Appointment to January 13, 2025; and
- (x) approving the Receiver's fees and disbursements and those of its legal counsel, as set out in this Second Report.

Disclaimer

15. In preparing this Second Report, the Receiver has relied upon the limited unaudited financial information, the Debtors' books and records, and other information provided to it (collectively, the "**Information**"). The Receiver has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. The Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, as such, the Receiver expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Debtors' financial forecasts in accordance with the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information reported on or relied upon in this Second Report is based upon assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.
16. BDO assumes no responsibility or liability for loss or damage occasioned by any party as a result of the circulation, publication, re-production or use of this Second Report. Any use which any party, other than the Court, makes of this Second Report or any reliance on or a decision made based upon it is the responsibility of such party.
17. Unless otherwise noted, all monetary amounts contained in this Second Report are expressed in Canadian dollars.

ACTIVITIES OF THE RECEIVER

18. Since its appointment, the Receiver has:

- (a) arranged for insurance over all Vehicles in the possession of the Receiver until the Vehicles could be released or sold;
- (b) valued the Vehicles;
- (c) worked with various Vehicle Financiers to facilitate repossession of certain Vehicles;
- (d) assisted various customers to retrieve their goods which were held in certain of the Debtors' trailers (the "**Third-Party Goods**") located at either Ritchie Bros location or at the Real Property;
- (e) facilitated legal counsel with security reviews;
- (f) engaged a bailiff to assist in locating the Missing Equipment (as defined in the First Report);
- (g) entered into settlement negotiations with MNP in respect of occupation rent claimed as owing;
- (h) worked with the auctioneer to sell the Vehicles;
- (i) coordinated the retrieval of various Vehicles located in the USA, at customer locations and at repair shops;
- (j) negotiated the release of Vehicles and *Repair and Storage Lien Act* ("**RSLA**") claims of various repair shops;
- (k) assisted with and attended at the examinations of Parmjit Bal, Bal, Randhawa, and Jagdeep Randhawa conducted by BMO's counsel;
- (l) assisted with and attended at an examination of Steve Bender as representative of BNY Capital Inc. conducted by counsel for the Receiver;
- (m) retained the services of a collection agency to collect the Debtors' accounts receivables;
- (n) continued discussions with Canada Revenue Agency ("**CRA**") and responded to various information requests in respect of source deductions and HST trust audits;

- (o) filed proofs of claims in the bankruptcies of Randhawa, Parmjit Bal, Bal, Inderjeet Sekhon and North Star Logistics, all of whom are parties related to the Debtors;
- (p) corresponded with various stakeholders; and
- (q) prepared this Second report.

SECURED CREDITORS

19. As described in greater detail in the First Report, BMO was the senior secured creditor of the Debtors. Pursuant to a credit agreement dated January 13, 2022, BMO provided True North: i) a \$13.0 million demand revolving line of credit; ii) two non-revolving term facilities totaling \$7.5 million; iii) a \$1 million treasury risk line; and iv) corporate credits cards with limits totaling \$300,000. In addition, BMO entered into certain equipment leases with True North and North Shore between February 10, 2021 and September 20, 2021.
20. As security for its obligations to BMO, True North provided security in favour of BMO, including, without limitation, a general security agreement dated February 24, 2023 (the “**True North GSA**”) and certain security under section 427 of the Bank Act. Registration in respect of the True North GSA was made pursuant to the *Personal Property Security Act* (Ontario) (“**PPSA**”).
21. The obligations of True North to BMO were guaranteed by, among others, North Shore and 8317. North Shore and 8317 also provided security in favour of BMO, including, without limitation:
- (a) a general security agreement granted by North Shore in favour of BMO dated February 24, 2023 (the “**North Shore GSA**”);
 - (b) a general security agreement granted by 8317 in favour of BMO dated February 24, 2023 (the “**8317 GSA**”); and
 - (c) a charge/mortgage against the Real Property owned by 8317 in the principal amount of \$17.8 million.

Registration in respect of the North Shore GSA and 8317 GSA were made pursuant to the PPSA.

22. The Receiver obtained an opinion from its legal counsel, Chaitons which concluded that, subject to the usual assumptions and qualifications, the BMO security, including the North Shore GSA and the True North GSA, is valid and enforceable against the Debtors’ personal property.

23. Since the appointment of BDO as Trustee, BDO has corresponded with all of the parties who have registered a security interest against the Debtors' assets and has invited them to submit a proof of claim. BDO has also worked with its legal counsel to review the proofs of claim filed. A summary of the security review and the Receiver's action items with respect to the Secured Claims is enclosed with this Report as **Schedule "1"**.
24. As the Receiver advised in the First Report and as summarized in Schedule "1" hereto, the Receiver ascertained that a number of the Vehicle Financiers held properly registered PMSIs against the vehicles that they financed. The Receiver performed an analysis to ascertain whether there was any equity beyond the claims of the Vehicle Financiers in those vehicles and engaged in discussions with the Vehicle Financiers holding PMSIs as to whether they wished to include the Vehicles subject to their PMSIs in the Receiver's auctions or to repossess those Vehicles.

VEHICLES IDENTIFIED AND RECOVERED

25. The Receiver prepared an inventory of the Vehicles which was compiled based upon information provided by Randhawa and Bal, various Vehicle Financiers, former employees, customers, PPSA searches, and Vehicles physically located at the Real Property.
26. As summarized in **Schedule "2"**, the Receiver identified 448 Vehicles that were leased, owned or financed by the Debtors. Of these Vehicles:
 - (a) 137 were repossessed by the Vehicle Financiers who held PMSIs in those vehicles. This category includes Vehicles located either at the Real Property or at third-party locations (i.e. customers, repair shops, USA parking lots, etc.). Prior to releasing the Vehicles to Vehicle Financiers, the Receiver calculated the equity, if any, in the Vehicles. The Receiver released Vehicles with minimal or no equity to the respective Vehicle Financiers holding PMSIs in those Vehicles. The Receiver required the Vehicle Financiers to provide an accounting of the sale proceeds and, should the sale proceeds exceed amounts owing to the Vehicle Financiers, that the excess, if any, was to be remitted to the Receiver;
 - (b) 128 Vehicles were sold via various auctions conducted by Ritchie Bros. pursuant to the terms of the Vesting Order. The Receiver currently holds the net auction proceeds in its trust account;
 - (c) 9 Vehicles are currently either held by Ritchie Bros. pending auction or have been sold and the proceeds not yet paid to the Receiver;

- (d) 22 Vehicles were repossessed by certain Vehicle Financiers prior to the receivership; and
- (e) 152 Vehicles could not be recovered by the Receiver. The various affected Vehicle Financiers were advised that the Receiver could not locate these Vehicles. Where the Receiver was aware of the possible location of certain Vehicles, the Vehicle Financiers were advised of same. At the request of certain Vehicle Financiers, the Receiver arranged for a bailiff to locate and recover Vehicles associated with those financiers at their cost. Other Vehicle Financiers engaged their own bailiffs. The Receiver also used the Debtors' GPS database to understand the last known location of the Vehicles. GPS coordinates were provided to the bailiffs to assist in their efforts to locate the Vehicles.

VEHICLE AUCTION PROCEEDS

- 27. The following Vehicle Financiers authorized the Receiver to sell the Vehicles subject to their PMSIs at the auctions: BMO, Blueshore Transport Finance Ltd., Bodkin, a division of Bennington Corp, Delage Landen Financial Services Canada Inc., HSBC Bank Canada, Meridian Onecap Credit Corp. and Wells Fargo Equipment Finance Company. The Receiver also included the 792 Vehicles in the auctions and those Vehicles that do not appear to be subject to PMSIs based on the PPSA reviews.
- 28. The Vesting Order authorized the Receiver to engage Ritchie Bros. to sell the Vehicles at auction. In total, the gross proceeds from the sale of the 128 Vehicles were \$3,606,000, as detailed in **Schedule "3"** attached hereto. Selling costs totaled \$385,640 and were comprised of commissions of 6.5% (\$246,334), refurbishment (\$14,309), haulage (\$96,580), other costs (\$12,533) and HST paid on disbursements (\$15,885).

PROPOSED DISTRIBUTIONS TO PMSI HOLDERS

- 29. Most of the Vehicle Financiers filed proofs of claim with the Receiver and provided their respective payout statements. The Receiver requested its counsel review the proofs of claims received. As particularized in **Schedule "1"**, the Receiver's counsel opined that a number of Vehicle Financiers held valid PMSIs which ranked in priority to BMO's security interest.
- 30. **Schedule "3"** to this Report summarizes the net auction proceeds received for each Vehicle and includes the following items:
 - (a) Insurance Costs: the Receiver insured all Vehicles in its possession until they were either released to Vehicle Financiers or the auction proceeds paid to the Receiver. The insurance costs incurred by the estate are estimated at \$7.17 per day per Vehicle.

- (b) Net Proceeds – representing the amount paid to the Receiver by Ritchie Bros. for each Vehicle sold by them.
- (c) Payout – representing the payout amounts provided by the Vehicle Financiers.
- (d) Net Distribution to Vehicle Financier – is calculated as: i) the lessor of a) the net auction proceeds and b) the buyout figure less ii) the cost of insurance (where the auction proceeds are less than the payout amount).
- (e) RSLA – to the extent the Receiver is aware of a lien registered pursuant to the RSLA, it has been identified.

31. **Schedule “1”** identifies the Vehicles that counsel for the Receiver has determined are subject to PMSIs. The Receiver proposes to distribute to PMSI holders the lesser of (i) the amount currently outstanding in respect of each of the Vehicles subject to their security; and (ii) the auction proceeds received less the insurance cost as set out in **Schedule “4”** hereto.

DISPUTED VEHICLE AND OTHER VEHICLE PROCEEDS

Coast and Disputed Vehicles

32. As described in the First Report, Coast filed a proof of claim in connection with 42 Vehicles in the Receiver’s possession (the “**Original Coast POC**”). The Receiver, with the assistance of counsel, reviewed the Original Coast POC and has confirmed that Coast holds properly registered PMSIs in those Vehicles. Coast, on the consent of the Receiver, repossessed 41 of those Vehicles and one of the Vehicles was sold by the Receiver at an auction. The Receiver proposes to distribute net sale proceeds from that vehicle to Coast in the amount set out in **Schedule “4”** hereto.
33. In early August 2024, counsel for Coast inquired with respect to the status of the following four vehicles that were leased by Coast to Kanman Logistics Inc. (“**Kanman**”), the predecessor to North Shore (collectively, the “**Disputed Vehicles**”):

3HSDWTZR7NN387364

3HSDWTZR0NN387366

3HSDWTZR9NN387365

3HSDWTZR5NN387363

34. The Disputed Vehicles were sold by the Receiver at an auction pursuant to the terms of the Vesting Order. The sale of the Disputed Vehicles generated net sale proceeds in the amount of \$204,078.23 (the “**Disputed Vehicle Proceeds**”).

35. By email dated August 9, 2024, counsel for Coast provided the Receiver's counsel with a copy of Coast's proof of claim and supporting documents in connection with its claim for priority to the Disputed Vehicle Proceeds. A copy of the email correspondence together with all attachments is attached hereto as **Appendix "E"**.
36. In support of its claim to the Disputed Vehicles Proceeds, counsel for Coast provided to the Receiver a copy of the Master Lease Agreement between Kanman and Coast dated August 26, 2021. Attached hereto as **Appendix "F"** is the PPSA search for Kanman, that discloses that Travelers Leasing Ltd. ("**Travelers**"), an affiliate of Coast, registered a financing statement against the Disputed Vehicles on August 19, 2021 naming Kanman as the Debtor.
37. Kanman changed its name to North Shore on November 4, 2021. Attached hereto as **Appendix "G"** is a copy of North Shore's corporate profile search which discloses the date of the name change.
38. On January 31, 2023, Coast entered into a new Master Lease Agreement with North Shore as the debtor (the "**New Coast Agreement**") and registered financing statements against 55 other vehicles (that did not include the Disputed Vehicles) naming North Shore as the debtor on the registrations. The Receiver has reviewed the PPSA search against North Shore, a copy of which is attached hereto as **Appendix "H"** and notes that neither Coast nor Travelers registered a financing change statement with respect to the Disputed Vehicles.
39. Section 48(3) of the PPSA provides that:

CHANGE OF DEBTOR NAME

48 (3) Where a security interest is perfected by registration and the secured party learns that the name of the debtor has changed, the security interest in the collateral becomes unperfected thirty days after the secured party learns of the change of name and the new name of the debtor unless the secured party registers a financing change statement or takes possession of the collateral within such thirty days.

40. As evidenced by the New Coast Agreement, Coast was aware as early as March 2023 that Kanman has changed its name to North Shore. Based on the review of the PPSA searches described above and in consultation with its legal counsel, the Receiver has determined that Coast's and/or Travelers' security interest in the Disputed Vehicles has become unperfected as early as March 2023.

41. Counsel for the Receiver was provided with a copy of the PPSA registration by Coast against the Disputed Vehicles that named Kanman and North Shore as debtors registered on November 13, 2024 (the “**New Coast Registration**”). A copy of the registration is attached hereto as **Appendix “I”**.
42. On September 5, 2024, counsel for the Receiver sent an email to counsel for Coast outlining the Receiver’s position with respect to the Disputed Vehicles and advised Coast’s counsel that the Receiver intends to bring a motion for an order, among other things, authorizing the distribution of the Disputed Vehicles Proceeds to BMO. Attached hereto as **Appendix “J”** is a copy of the September 5, 2024 email.
43. Counsel for Coast advised that it intends to object to this relief.
44. The registration of BMO’s general security interest against North Shore’s personal property predates the New Coast Registration. The Receiver seeks an order declaring that Coast and/or Travelers do not have a PMSI in the Disputed Vehicles and that BMO has a security interest in the Disputed Vehicles that ranks ahead of Coast and/or Travelers.

BVD Vehicles

45. Included in **Schedule “3”** are 15 Vehicles (the “**BVD Vehicles**”) that are subject to registrations in favour of BVD Equipment. Prior to October 21, 2024, the Receiver had requested, on multiple occasions, that BVD Equipment file a proof of claim if it wished to assert a claim to the sale proceeds from the sale of the BVD Vehicles subject to their registrations. No response was received by the Receiver to these requests.
46. On October 21, 2024, counsel to the Receiver sent a letter to BVD Capital, a copy of which is attached hereto as **Appendix “K”**, wherein it advised BVD Equipment, among other things, that:
 - (a) The Vehicles subject to BVD Equipment’s registrations have been sold;
 - (b) That the Receiver intends to bring a motion to approve a distribution of the net sale proceeds;
 - (c) If BVD Equipment wishes to assert a claim to the net sale proceeds, it needs to do so by October 25, 2024; and
 - (d) If BVD Equipment does not file its proof of claim by the requested deadline, the Receiver will recommend that the net sale proceeds be distributed to BMO.

47. In response to the October 21, 2024 letter, counsel for BVD Equipment filed with the Receiver a proof of claim on behalf of BVD Petroleum Inc. ("**BVD Petroleum**") for an unsecured claim against the Debtors' assets. A copy of this proof of claim, without exhibits, is attached hereto as **Appendix "L"**. No proof of claim has been filed by BVD Equipment.
48. By email dated October 29, 2024, counsel for the Receiver advised counsel for BVD Equipment and BVD Petroleum that if BVD Equipment wishes to assert a secured claim against the Debtors' assets, it needs to do so by November 1, 2024.
49. To date, the Receiver has not received any proof of claim from BVD Equipment. Accordingly, the Receiver seeks an order declaring that BVD Equipment does not have a PMSI in the BVD Vehicles and that BMO has a security interest in the BVD Vehicles that ranks ahead of BVD Equipment.

Mahan Singh Enterprises Inc. and Canadian Western Bank

50. Two vehicles were sold at an auction by the Receiver that were owned by Mahan Singh Enterprises Inc. ("**MSEI**"), a company owned and controlled by Randhawa's spouse, Jagdeep Randhawa ("**Jagdeep**"). Jagdeep released her company's interest in these vehicles by executing the surrender documents attached hereto as **Appendix "M"** and **Appendix "N"**. Attached hereto as **Appendix "O"** is CWB's PPSA registration against the second vehicle, which discloses that Canadian Western Bank ("**CWB**") registered a security interest against that vehicle. CWB has advised the Receiver that:
 - (a) there are no amounts owing to them by the Debtors in connection with the vehicle 1UYVS2534EM745804; and
 - (b) it is owed approximately \$26,123 in connection with the other vehicle (VIN# 1GRAA0620JW110593). On January 11, 2025, the Receiver requested that CWB file its proof of claim in connection with that vehicle. CWB advised of their position that MSEI did not have the right to surrender the vehicle and opposed the sale of the vehicle. If necessary, the Receiver will report on its review of CWB's proof of claim in a supplemental report.

Mercedes Benz Financial Services Canada Corporation

51. Two Vehicles that were sold at an auction by the Receiver were subject to registrations in favour of Mercedes Benz Financial Services Canada Corporation ("**Mercedes**"). The Receiver requested Mercedes to file a proof of claim in respect of these vehicles and was provided with the discharges attached as **Appendix "P"** and **Appendix "Q"**. Based on the foregoing, the Receiver understands Mercedes no longer has a claim in these vehicles.

Balance of Net Proceeds

52. As set out in greater detail below, the Receiver is continuing to, among other things, work with Canada Revenue Agency to ascertain the Debtors' liabilities for priority payables. Until this review is completed, the Receiver will not be seeking to distribute the remainder of the net sale proceeds.

LEASED PREMISES

53. As described above, the Debtors carried on business from the Real Property which was owned by a related party, 8317. On May 22, 2024, MNP, in its capacity as receiver of 8317, wrote to the Receiver and provided a purported lease agreement between True North and 8317. MNP advised that the lease provides for monthly rent of \$150,000 plus HST and escalating to \$180,000 plus HST, and that True North was responsible for property taxes, security, maintenance, utilities, and insurance at the Real Property (the "**Monthly Occupancy Costs**").
54. As set out in greater detail in the First Report, BDO, in its capacity as Trustee, did not agree that it was in occupation of the Real Property or liable for payment of the Monthly Occupancy Costs. Out of abundance of caution, BDO disclaimed the lease for the Real Property on June 10, 2024.
55. On June 27, 2024, BDO advised MNP that the Receiver had removed all of the Debtors' Vehicles from the Real Property and that all that remained were third-party vehicles to which the Trustee had no interest. As a courtesy, BDO offered to assist MNP in corresponding with the parties whose vehicles remained on the Real Property. MNP insisted that BDO still remained in occupation and demanded occupation costs in the amount of \$211,536 plus HST.
56. Initially, MNP in its capacity as receiver of 8317 took the position that BDO in its capacity as Trustee had occupied the Real Property and was required to pay the Monthly Occupancy Costs from May 6, 2024 to the date the lease was disclaimed. In August 2024, MNP communicated its view that BDO was responsible for Monthly Occupancy Costs until all Vehicles were removed from the Real Property and that BDO was also responsible for clean-up costs.
57. As a result of MNP's views regarding BDO's requirement to pay Monthly Occupancy Costs, the Receiver contacted all parties having Vehicles located on the Real Property and advised them that BDO no longer had access to the Real Property and that any arrangements to access the Real Property to remove their Vehicles would need to be coordinated with MNP.
58. After protracted negotiations between BDO and MNP, the parties agreed to settle the issue of Monthly Occupancy Costs by payment by BDO to MNP of a lump sum in the amount of \$100,000 plus HST. The settlement has since been paid by the BDO.

THIRD PARTY GOODS

59. Several Vehicle Financiers experienced challenges with removing their Vehicles from the Real Property because their trailers contained Third-Party Goods. To the extent the Receiver could

identify the owner of the goods, they were contacted and the Receiver attempted to arrange for the delivery of the goods which would allow the Vehicle Financiers to take possession of empty trailers. However, due to the lack of books and records which made it difficult to identify who the goods belonged to or the unwillingness of customers to accept/pay for the delivery and settle the outstanding accounts receivable in a number of circumstances, the Third-Party Goods remained in the trailers. As a result, it was left to the Vehicle Financiers to determine how to proceed with the removal of the Vehicles that had been released to them. Where the Vehicles containing Third-Party Goods were located at Ritchie Bros., the Receiver engaged Ritchie Bros. to coordinate the removal and disposal of the goods in order to enable the Receiver to sell the Vehicles at auction.

MACROTECH SALE

60. As more fully described in the First Report, the Receiver learned that on November 15, 2023 True North sold 28 vehicles (the “**Macrotech Vehicles**”) to Macrotech for a total purchase price of \$500,000. The Receiver has confirmed that payment of \$500,000 was made by Macrotech to True North. Notwithstanding the sale, it appears that ownership of these vehicles was not transferred to Macrotech.
61. A number of the vehicles sold to Macrotech were subsequently immediately leased back to True North through equipment lessors. These equipment lessors have been allowed to repossess the vehicles subject to their security. A number of these vehicles were also sold or transferred to 792 by the Debtors. Pursuant to the terms of the June 14 Orders, title to the vehicles transferred by the Debtors to 792 was transferred back to the Debtors and these vehicles were sold by the Receiver.
62. BMO advised the Receiver that it did not approve the sale of the Macrotech Vehicles to Macrotech nor did it release its security interest in the Macrotech Vehicles. BMO further advised the Receiver that it intended to assert a priority claim to these vehicles.
63. Macrotech has requested that the Receiver release its interest in ten (10) Macrotech Vehicles. Seven of these vehicles are in the possession of Macrotech and three (3) are under the Receiver’s control and located at one of Ritchie Bros. properties. Following negotiations between the Receiver and Macrotech, and with BMO’s consent, the parties agreed that:
 - (a) Macrotech would not claim an ownership or any other interest in the Macrotech Vehicles located at Ritchie Bros., or net sale proceeds therefrom;
 - (b) Macrotech will pay the Receiver the sum of \$35,000 as consideration for the Receiver’s consent to allow Macrotech to sell the remaining Macrotech Vehicles in its possession; and

- (c) the Receiver will facilitate Macrotech's sale of the remaining Macrotech Vehicles in its possession by transferring ownership of those vehicles to Macrotech.

64. On January 20, 2025, Macrotech paid the settlement funds to the Receiver.

MODULAR TRAILERS

65. Pursuant to the terms of the contract dated January 10, 2022, True North leased two modular trailers from William Scotsman of Canada, Inc. ("**Willscot**"). A copy of the contract is attached hereto as **Appendix "R"**.

66. At the time of the Receiver's appointment, the modular trailers were located at the Real Property. The Receiver understands that the trailers were used by the Debtors as an office. The Receiver is advised by MNP that the trailers were connected to hydro.

67. The Receiver has reviewed the PPSA searches for the Debtors and notes that Willscot did not register a security interest in the modular trailers. Based on this review, the Receiver understands that BMO would have a first ranking security interest in the trailers.

68. The Receiver requested that MNP include the trailers in the sale brochure for the sale of the Real Property and advise potential purchasers that the trailers are being sold separately. The Real Property has now been sold, and the Receiver was advised by MNP that no value of the purchase price was allocated to these trailers.

69. The Receiver is considering the appropriate steps to take with respect to the trailers, including, the possibility of repossessing same and the cost of such repossession. The Receiver will report further to the Court once a determination has been made.

ACCOUNTS RECEIVABLE COLLECTIONS

70. The accounts receivable listings for True North and North Shore showed receivables of \$9.2 million and \$5.0 million, respectively. As reported in the Interim Receiver's report, the largest balances on the receivable listings were not true receivables but rather a number of "plug" accounts. For instance, True North's receivable listing included an account called "Opening Balance Difference 2021" in the amount of \$6.0 million. North Shore's receivable listing included an account called "Closing Balance as on Dec 2021" in the amount of \$3.6 million.

71. The Receiver sent demand letters to all customers and made collection calls. The Receiver's efforts resulted in collections of approximately \$423,865. Various customers indicated that they made payments and were able to provide proof of payment. Based on the Receiver's investigation, it appears that a number of these payments made after the appointment of the Interim Receiver have been diverted by the Debtors' principals.

72. For certain deliveries which occurred just prior to the receivership, the Receiver could not locate proofs of delivery which customers require prior to making payment. Randhawa and Bal stated at their examinations that these documents are located at either the Debtors' location or in the Debtors' e-mails. The Receiver has conducted a detailed review of same and could not locate any proofs of delivery.
73. To date, the Receiver has collected approximately \$547,865 from receivables. Approximately \$423,865 have been paid directly to the Receiver and the balance, \$124,000, has been sent directly by customers to the Debtors' former BMO operating account which was changed to a "deposit only" bank account.
74. The Receiver has retained the services of a collection agency to assist in collecting the outstanding receivables.

TALKA CREDIT UNION

75. On May 16, 2024, the Receiver became aware that certain of the Debtors' customer cheques were deposited at Talka. The Receiver wrote to Talka and requested that the accounts be placed to "Deposit Only". On May 17, 2024, Talka wrote to the Receiver and stated that the Debtors did not have accounts at Talka. After being provided with evidence that cheques belonging to the Debtors were cashed at Talka, Talka advised the Receiver that: *"The account is a third-party cash chequing account and does not belong to True North Freight. True North Freight would have engaged the services of our member to provide them with cash. In return, the cheque was processed through our member's business account"*.
76. The Receiver is aware that 7 cheques belonging to True North totaling approximately \$74,000 were deposited by Talka's member into its account with Talka. By letters dated May 23, 2024 and May 28, 2024, counsel for the Receiver wrote to Talka and demanded that Talka provide certain information to the Receiver.
77. On May 30, 2024, counsel for the Receiver had a call with counsel for Talka. On this call, Talka's counsel advised that it was prepared to comply with the Receiver's request provided that the Receiver obtain an order of the Court requiring Talka to do so.
78. Pursuant to the June 14 Orders, on June 25, 2024, counsel for Talka provided the correspondence attached hereto as **Appendix "S"**, wherein it set out the information regarding these deposits. In its correspondence, Talka identified that the funds belonging to the Debtors were deposited in the account of BNY Capital Inc. ("**BNY Capital**") whose principal was Steven Bender ("**Bender**").
79. On November 6, 2024, counsel for the Receiver examined Bender. During his examination, Bender deposed as follows:

- (a) BNY Capital is in the business of cashing cheques which are brought to them by various agents. All cheques are deposited electronically online into their account with Talka;
- (b) BNY Capital deposited 8 cheques belonging to True North into their account totaling \$73,676.36; and
- (c) All cheques belonging to True North were provided to BNY Capital by an agent named Sunny Dhingra. Based on the information provided by Bender, it appears that Mr. Dhingra operates a business called "Check Cashing Canada" which carries on business from 7470 Airport Road, Mississauga, Ontario.

Transcripts from this examination can be made available upon request.

- 80. The Receiver is considering the next steps for recovery of the cheques deposited into BNY Capital's account and will provide further updates to the Court.

THE DEBTORS' US ACCOUNTS

- 81. Based upon discussions with the Debtors' customers and cancelled cheques provided by customers, the Receiver became aware that the Debtors had bank account(s) with a USA domiciled financial institution, RBC Bank (Georgia) N.A. On September 10, 2024, the Receiver wrote to RBC Bank (Georgia) N.A. and requested that: i) the bank account(s) be frozen, ii) all funds in the bank account(s) be remitted to the Receiver and iii) that the copies of the bank statements for the last 24 months be provided to the Receiver. A copy of the RBC Bank (Georgia) N.A. correspondence is attached hereto as **Appendix "T"**.
- 82. On September 12, 2024, the Receiver received an email from RBC Bank (Georgia) N.A. advising as follows:

"Unfortunately it is the position of RBC Bank (Georgia), N.A. that as a bank chartered and operating out the United States, and therefore subject to US privacy laws, we cannot enforce or take direction on this Receivership without an order from a court here in the States directing us to do so."
- 83. The Receiver seeks an order of the Court ordering and directing RBC Bank NA to freeze the RBC Bank NA Account(s), pay to the Receiver all monies in the RBC Bank NA Account(s) and to provide all Banking Information in respect of the RBC Bank BA Account(s).
- 84. Once the order sought is granted, the Receiver will consult with U.S. counsel to determine if the Order needs to be domesticated in the U.S.

EXAMINATION OF RANDHAWA AND BAL

85. On July 22 and July 23, 2024, the Receiver examined Mr. and Mrs. Randhawa and Mr. and Mrs. Bal, respectively. At the examinations, Randhawa returned 8 computers which had been in his control since the date of the Debtors' bankruptcies. Transcripts from the examinations can be made available as requested.
86. Randhawa, Bal and Parmjit Bal, and other related parties, have each filed for bankruptcy

REMAINING SOURCES OF REALIZATION

87. At the date of this report, the remaining assets to be realized include:
- (a) Vehicles - 10 Vehicles are to be sold at auction.
 - (b) Accounts receivable for which the Receiver has engaged a third-party collection agency.
 - (c) Real property in Edmonton – the Receiver understands that the mortgagor has sold one (1) of the three (3) properties. No amounts from the sale of this property are expected to be paid to the estate as the first-ranking mortgagor has cross collateralized all properties. Accordingly, it is not expected that any proceeds will be paid to the Receiver until the first-ranking mortgagor's debts are fully repaid.

PRIORITY CLAIMS

88. In addition to claims of PMSI holders and Court-ordered charges, the following claims may rank in priority to BMO's security against the Debtors' assets (collectively, the "**Priority Claims**"):
- (a) Source deductions - CRA has not completed its trust examinations of the Debtors' source deductions accounts. The Receiver has provided CRA all requested information.
 - (b) WEPPA Claims - True North had 36 employees ("**Former Employees**"). All but eight (8) Former Employees have filed their proofs of claim for WEPPA. North Shore had 5 employees. All but 2 employees have filed their proofs of claim for WEPPA. The estimated secured claim pursuant to section 81.4 of the BIA for True North and North Shore is \$54,144.02 and \$6,000, respectively.

PROFESSIONAL FEES

89. Paragraph 22 of the Receivership Order provided a first priority charge on the assets for the Receiver's fees and costs and those of the Receiver's counsel in priority to all other security interest, trusts, liens, charges and encumbrances.

90. The Receiver and the Receiver's counsel have maintained detailed records of their professional time and disbursements since the Date of Appointment.
91. The Receiver's professional fees incurred for services rendered from April 1, 2024 to December 31, 2024, amount to \$663,440.00, plus disbursements in the amount of \$5,204.44 (exclusive of applicable taxes). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Receiver's professionals is detailed in **Appendix "U"**. The Receiver is requesting that the Court approve its total fees and disbursements, exclusive of applicable taxes, in the amount of \$755,567.84.
92. The fees of the Receiver's counsel, Chaitons, for services rendered from May 13, 2021 to December 31, 2024, total \$138,148.50, plus disbursements in the amount of \$5,367.36 (exclusive of applicable taxes). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by Chaitons' professionals is detailed in **Appendix "V"**. The Receiver is requesting that the Court approve the Receiver's counsel's total fees and disbursements, exclusive of taxes, in the amount of \$143,515.85.
93. The Receiver has reviewed Chaitons accounts and has determined that the services have been duly authorized and duly rendered and that the charges are reasonable given the circumstances.

RECEIVER'S INTERIM STATEMENTS OF RECEIPTS AND DISBURSEMENTS

94. The Receiver's combined interim statements of receipts and disbursements for True North and North Shore for the period from the Date of Appointment to January 13, 2025 (the "**Interim R&D**") are summarized in the chart below. The detailed Interim R&D is attached hereto as **Appendix "W"**.
95. At the date of this Second Report, the Receiver holds \$3,456,411.05 in its trust accounts.
96. As set out in the Interim R&D, the majority of receipts relate to gross auction proceeds related to the Vehicles (\$3,606,000) and the collection of receivables (\$423,865).
97. The larger expenses incurred by the Receiver to date relate to the following:
 - (a) Commissions paid to the Auctioneer in the amount of \$246,333.75;
 - (b) Legal fees and disbursements in the amount of \$132,692.87;
 - (c) Insurance over all Vehicles including those encumbered by the Vehicle Financiers in the amount of \$130,720;
 - (d) Occupancy rent settlement payment to MNP in the amount of \$100,000 + HST; and

- (e) Various expenses incurred by the Auctioneer which included haulage and refurbishment costs.

Interim Receipts and Disbursements

Receipts

Sale of Trucks/Trailers	\$ 3,606,000.00
Accounts receivable	423,864.90
Advance from secured creditors	150,000.00
Cash in bank	133,273.26
Interest	52,015.55
Other	16,659.28
TOTAL RECEIPTS	4,381,812.99

Disbursements

Commission	246,333.75
Legal fees/disbursements	132,692.87
Insurance	130,720.40
Occupation Rent	100,000.00
Auctioneer expense	123,421.93
Computer services	46,868.45
HST paid on disbursements	45,056.95
Other costs	100,307.59
TOTAL DISBURSEMENTS	925,401.94
Net Receipts over disbursements	3,456,411.05

98. The Receiver requests approval of the Interim R&D.

SUMMARY AND RECOMMENDATIONS

99. Based on the foregoing, the Receiver respectfully requests that the Court grant an Order(s) granting the relief set out in paragraph 14 hereto.

All of which is respectfully submitted this 24th day of January 2025

BDO CANADA LIMITED

Per:



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

Schedule 1 – PPSA Summary and Security Opinion¹

Secured Creditor	Nature of Security Claim	Opinion
Mercedes Benz Financial Service Canada Corporation/ Daimler Truck Financial Services Canada Corporation	A purchase money security interest (“ PMSI ”) with respect to 16 Vehicles	PMSIs were validly perfected.
De Lage Landen Financial Services Canada	PMSIs with respect to 10 Vehicles	PMSIs were validly perfected.
TFG Financial Corporation	PMSIs with respect to 10 Vehicles	PMSIs were validly perfected.
Bodkin, a division of Bennington Financial Corp. (“ Bodkin ”)	PMSIs with respect to 3 vehicles	PMSIs were properly perfected.
Meridian Onecap Credit Corp. (“ Meridian ”)	PMSIs with respect to 20 vehicles	PMSIs were validly perfected.
LBEL Inc.	A PMSI with respect to one vehicle	The PMSI was validly perfected.
LBC Capital Inc.	PMSIs with respect to 6 vehicles	PMSIs were validly perfected.
BMO	A general security interest against all of the Debtors’ properties, together with registrations against certain specific vehicles (the “ BMO Vehicles ”)	BMO has a first ranking security interest against the BMO Vehicles. In addition BMO has a general security interest against all the Debtors assets.

¹ The information in this Schedule 1 was compiled from the Debtors PPSA search and information provided by the Vehicle Financiers. Certain differences exist between Schedule 1 and Schedule 2 as a result primarily of late discharges, Vehicles registered against associated companies and other registrations against predecessor entities.

Coast Capital Equipment Finance Ltd. (" Coast ")	PMSIs with respect to 49 vehicles	The Receiver is in possession of 33 vehicles subject to Coast's security. Of these vehicles, 28 are also subject to a security interest in favour of BVD Capital Corporation (" BVD ") which was registered prior to Coast's registration. Coast provided the Receiver with documents evidencing that BVD has surrendered its secured claims to these vehicles.
Blue Shore Transport Finance (" Blue Shore ")	PMSIs with respect to 2 vehicles	PMSIs were validly perfected.
CLE Capital Inc. and Mitsubishi HC Capital Canada Leasing Inc.	PMSIs with respect to 10 vehicles	PMSIs were validly perfected.
Toyota Credit Canada Inc.	A PMSI with respect to one vehicle	The PMSI was validly perfected.
R&S Trailer Leasing Limited (o/a Breadner Trailers) (" Breadner ")	PMSIs with respect to 42 vehicles	PMSIs were validly perfected. Ten of the vehicles over which Breadner asserted a PMSI had mistakes in the VIN Numbers. The registrations were made against the correct Debtor name. On consultation with BMO, the Receiver did not challenge the PMSIs with respect to those particular vehicles.
Concentra Bank/Concentra a division of Bennington Financial Corp.	A PMSI with respect to one vehicle	The PMSI was validly perfected.
CWB National Leasing Inc.	PMSIs with respect to 16 vehicles	CWB claims a security interest in one vehicle. The Receiver has requested that CWB file a proof of claim with respect to this vehicle.
The Bank of Nova Scotia	PMSIs with respect to 4 vehicles	PMSIs were validly perfected.
VFS Canada Inc.	PMSIs with respect to 15 vehicles	PMSIs were validly perfected.
HSBC Bank of Canada	PMSIs with respect to 32 vehicles	PMSIs were validly perfected.

Schedule "2" – Vehicle Summary

Summary of Vehicles						
Secured Creditor	Per Company records, PPSA and proof of claims	Released to/ repossessed by Financier or abandoned	Sold via auction	To be sold via auction	Repossessed prior to Receivership	Not recovered by Receiver
Bank of Montreal (7927959 Canada Corp)	50	0	44	1	0	5
Bank of Montreal (Coast Capital/Kanman)	4	0	4	0	0	0
Bank of Montreal (GSA)	42	0	22	0	0	20
Bank of Montreal (Mercedes)	1	0	1	0	0	0
Bank of Montreal (PMSI)	5	0	3	1	0	1
Bank of Nova Scotia (car)	6	0	0	0	0	6
Bennington Financial	2	1	0	0	0	1
Blueshore Transport Finance	2	0	2	0	0	0
Bodkin, a division of Bennington Financial	3	0	3	0	0	0
BVD Capital Corporation	22	0	15	1	0	6
BMW Canada Inc. (car)	4	0	0	0	0	4
Canadian Western Bank	21	11	0	0	0	10
Canadian Western Bank (Manhan Singh)	2	0	2	0	0	0
CLE Capital Inc.	1	1	0	0	0	0
Coast Capital Equipment Finance	55	41	1	0	0	13
Concentra Bank, a division of Bennington	1	0	0	1	0	0
Daimler Truck Financial Services	11	9	0	0	0	2
DeLage Landen Financial Service Canada Inc	10	3	7	0	0	0
Ford Credit Canada (car)	3	0	0	0	0	3
HSBC Bank Canada	32	0	14	5	0	13
LBC Capital Inc.	6	4	0	0	0	2
LBEL Inc.	1	1	0	0	0	0
Mercedes-Benz Financial Services	8	4	1	0	0	3
Meridian One Cap Credit Corp.	20	10	4	0	0	6
Mitsubishi HC Capital Canada Leasing	9	5	1	0	0	3
PNC Vendor Finance Corporation Canada	9	0	0	0	0	9
R&S Trailer Leasing (O/A Breadner Trailers)	48	32	0	0	0	16
Royal Bank of Canada	2	0	0	0	0	2
TFG Financial Corporation	12	11	0	0	0	1
Toronto Dominion Bank	7	0	0	0	7	0
Toyota Credit (car)	1	0	0	0	0	1
Unknown	25	4	0	0	0	21
VFS Canada	14	0	0	0	13	1
VW Credit Canada (car)	2	0	0	0	0	2
Well Fargo Equipment Finance Company	7	0	4	0	2	1
Total vehicles	448	137	128	9	22	152

Schedule "3" – Summary of all Auction Proceeds

PMSI Holder or PPSA Registrant	VIN #	Gross Proceeds \$	Commission \$	Other Costs + HST	Net Proceeds \$
Bank of Montreal (GSA)	3AKJHHDR5KSKA3187	31,000	3,100	172	27,728
Bank of Montreal (GSA)	3AKJHHDR7KSKA3191	29,000	2,900	172	25,928
Bank of Montreal (GSA)	4V4NC9EH9KN900891	46,000	4,600	172	41,228
Bank of Montreal (GSA)	3AKJHHDR3JSJD9939	35,000	3,500	313	31,187
Bank of Montreal (GSA)	3AKJHHDR2JSJJ4101	26,000	2,600	172	23,228
Bank of Montreal (GSA)	3AKJHHDR7JSJM0483	22,500	2,250	172	20,078
Bank of Montreal (GSA)	3AKJHHDR0JSJJ3982	23,500	2,350	172	20,978
Bank of Montreal (GSA)	4V4NC9EH1GN929437	18,500	1,850	172	16,478
Bank of Montreal (GSA)	4V4NC9EH8GN947448	14,000	1,400	309	12,291
Bank of Montreal (GSA)	4V4NC9EH8FN189531	12,500	1,250	172	11,078
Bank of Montreal (GSA)	4V4NC9EH4EN153270	7,000	700	172	6,128
Bank of Montreal (GSA)	4V4NC9EH5CN555084	4,000	400	172	3,428
Bank of Montreal (GSA)	4V4NC9EH0CN561357	3,500	350	172	2,978
Bank of Montreal (GSA)	4V4NC9EJ5CN552401	3,500	350	172	2,978
Bank of Montreal (GSA)	4V4NC9EH3AN285818	3,250	325	309	2,616
Bank of Montreal (GSA)	3AKJHHDR1KSJJ3877	40,000	4,000	251	35,749
Bank of Montreal (GSA)	4V4NC9EH6HN951127	22,000	2,200	251	19,549
Bank of Montreal (GSA)	3AKJHHDR3KSKA3186	33,000	2,145	566	30,289
Bank of Montreal (GSA)	3AKJHHDR2KSKC6071	37,000	2,405	905	33,690
Bank of Montreal (GSA)	3AKJHHDR3KSJJ3878	37,000	2,405	1,052	33,543
Bank of Montreal (GSA)	3AKJHHDR7JSJM0502	41,000	2,665	566	37,769
Bank of Montreal (GSA)	4V4NC9EH8CN555967	3,750	244	1,470	2,036
Bank of Montreal (GSA)	2DM421A40HB153302	15,000	975	768	13,257
Bank of Montreal (GSA)	2DM421A42HB153303	14,500	943	626	12,931
Bank of Montreal (GSA)	2DM421A46HB153305	12,000	780	626	10,594
Bank of Montreal (GSA)	5V8VC5321GM600517	13,000	845	626	11,529
Bank of Montreal (GSA)	5V8VC5328GM600515	12,500	813	626	11,061
Bank of Montreal (GSA)	5V8VC5324GM601404	12,500	813	626	11,061
Bank of Montreal (GSA)	5V8VC532XGM601407	12,000	780	626	10,594
Bank of Montreal (GSA)	5V8VC5322GM601403	13,000	845	626	11,529
Bank of Montreal (GSA)	1DW1A53288B037609	5,000	325	626	4,049
Bank of Montreal (GSA)	5V8VC5329HMT10507	15,000	975	1,581	12,444
Bank of Montreal (GSA)	4V4NC9EH0KN900889	36,500	2,373	1,222	32,905
Bank of Montreal (GSA)	3AKJHHDR7KSKA3188	19,500	1,268	3,272	14,961
Bank of Montreal (GSA)	1DW1A5328JS778719	20,500	1,333	706	18,462
Bank of Montreal (GSA)	1DW1A5324JBA05037	20,500	1,333	706	18,462
Bank of Montreal (GSA)	1DW1A5328JBA05056	19,500	1,268	626	17,606
Bank of Montreal (GSA)	1DW1A5329JBA05051	19,500	1,268	626	17,606
Bank of Montreal (GSA)	1DW1A5325JBA05015	20,500	1,333	706	18,462
Bank of Montreal (GSA)	1DW1A5320JBA05049	21,000	1,365	706	18,929
Bank of Montreal (GSA)	1DW1A5326JBA05055	19,500	1,268	1,462	16,771
Bank of Montreal (GSA)	1DW1A5323JBA05059	22,500	1,463	959	20,079
BANK OF MONTREAL (PMSI)	4V4WC9EG8NN291972	103,000	6,695	979	95,326
BANK OF MONTREAL (PMSI)	4V4WC9EGXNN291973	100,000	6,500	979	92,521
BANK OF MONTREAL (PMSI)	1FUJHHDRXNLNB3898	75,000	4,875	967	69,158
BLUESHORE TRANSPORT FINANCE LTD.	4V4NC9EH3LN242146	63,000	4,095	979	57,926
BLUESHORE TRANSPORT FINANCE LTD.	4V4NC9EH6LN242147	42,500	2,763	979	38,759
BODKIN, A DIVISION OF BENNINGTON	4V4NC9EH6LN210792	61,000	3,965	1,104	55,931
BODKIN, A DIVISION OF BENNINGTON	4V4NC9EH4LN210791	63,000	4,095	893	58,012
BODKIN, A DIVISION OF BENNINGTON	4V4NC9EH2LN210790	50,000	3,250	1,579	45,171

Schedule "3" – Summary of all Auction Proceeds

PMSI Holder or PPSA Registrant	VIN #	Gross Proceeds \$	Commission \$	Other Costs + HST	Net Proceeds \$
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC5323HM710504	16,500	1,073	487	14,940
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC5321HM710453	16,500	1,073	487	14,940
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC5328HM710451	16,500	1,073	487	14,940
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC5327HM710439	16,500	1,073	487	14,940
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC5325HM710505	16,500	1,073	487	14,940
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC5326HM710433	17,000	1,105	487	15,408
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC532XHM710452	17,000	1,105	975	14,920
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC5329HM710457	17,000	1,105	561	15,334
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC5326HM710450	17,500	1,138	487	15,875
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC5323HM710454	17,000	1,105	487	15,408
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC5328HM710501	14,500	943	1,581	11,977
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC5327HM710456	14,000	910	984	12,106
COAST CAPITAL EQUIPMENT FINANCE LTD.	1DW1A5324JBA05023	20,000	1,300	79	18,621
DELAGE LANDEN FINANCIAL SERVICES CANADA INC.	3H3V532C4KR289244	24,000	1,560	845	21,595
DELAGE LANDEN FINANCIAL SERVICES CANADA INC.	3H3V532C2KR289243	23,500	1,528	79	21,893
DELAGE LANDEN FINANCIAL SERVICES CANADA INC.	3H3V532CXKR289250	23,000	1,495	845	20,660
DELAGE LANDEN FINANCIAL SERVICES CANADA INC.	3H3V532C8KR289246	23,500	1,528	845	21,128
DELAGE LANDEN FINANCIAL SERVICES CANADA INC.	3H3V532C6KR289245	26,000	1,690	845	23,465
DELAGE LANDEN FINANCIAL SERVICES CANADA INC.	3H3V532C9KR877026	20,000	1,300	845	17,855
HSBC BANK CANADA	1GRAA062XKW121022	51,000	3,315	640	47,045
HSBC BANK CANADA	1GRAA0627KW121060	54,000	3,510	640	49,850
HSBC BANK CANADA	3H3V532K2NJ161188	32,000	2,080	640	29,280
HSBC BANK CANADA	3H3V532K4NJ161189	33,000	2,145	640	30,215
HSBC BANK CANADA	3H3V532K2NJ541230	32,000	2,080	640	29,280
HSBC BANK CANADA	3H3V532KXNJ541234	32,000	2,080	640	29,280
HSBC BANK CANADA	3H3V532K2NJ541227	32,000	2,080	640	29,280
HSBC BANK CANADA	3H3V532K6NJ541229	32,000	2,080	640	29,280
HSBC BANK CANADA	3H3V532K3NJ541236	31,000	2,015	779	28,206
HSBC BANK CANADA	3H3V532K5NJ541240	34,000	2,210	640	31,150
HSBC BANK CANADA	3H3V532K0NJ161190	31,000	2,015	588	28,397
MERIDIAN ONECAP CREDIT CORP.	3H3V532K3NJ543035	33,000	2,145	640	30,215
MERIDIAN ONECAP CREDIT CORP.	1DW1A5323JBA05045	18,000	1,170	561	16,269
MITSUBISHI HC CAPITAL CANADA LEASING, INC.	3H3V532K4RJ071224	36,000	2,340	1,661	31,999
BMO (GSA)	3AKJHHDR1LSLR6332	49,000	3,185	1,465	44,350
BMO (GSA)	4V4NC9EH5LN230127	62,000	4,030	1,126	56,844
BMO (GSA)	4V4NC9EH7LN230128	63,000	4,095	1,159	57,746
BMO (GSA)	4V4NC9EH1LN230125	61,000	3,965	1,159	55,876
BMO (GSA)	5V8VC5321HM710517	17,000	1,105	487	15,408
BMO (GSA)	5V8VC5326HM710514	17,500	1,138	487	15,875
BMO (GSA)	5V8VC5322HM710512	18,000	1,170	487	16,343
BMO (GSA)	5V8VC5320HM710511	18,000	1,170	487	16,343
BMO (GSA)	5V8VC5328HM710515	17,500	1,138	626	15,736
BMO (GSA)	5V8VC5325HM710438	17,500	1,138	487	15,875
BMO (GSA)	5V8VC532XHM710516	15,500	1,008	487	14,005
BMO (GSA)	5V8VC5325HM710519	16,500	1,073	487	14,940
BMO (GSA)	5V8VC5320HM710508	16,500	1,073	487	14,940
BMO (GSA)	5V8VC5329HM710510	17,000	1,105	634	15,261
BMO (GSA)	5V8VC5324HM710513	16,500	1,073	487	14,940
BMO (GSA)	3AKJHHDR3LSLR6333	38,000	2,470	777	34,753
BMO (GSA)	3H3V532K6NJ161212	30,000	1,950	640	27,410
BMO (GSA)	3H3V532K3NJ161216	30,000	1,950	640	27,410
BMO (GSA)	3H3V532K9NJ161186	30,000	1,950	640	27,410
BMO (GSA)	3H3V532K4NJ161211	32,000	2,080	779	29,141

Schedule "3" – Summary of all Auction Proceeds

PMSI Holder or PPSA Registrant	VIN #	Gross Proceeds \$	Commission \$	Other Costs + HST	Net Proceeds \$
Mercedes-Benz Financial Services/BMO (GSA)	3AKJHHDR1KSKN4478	31,000	2,015	1,052	27,933
BMO Asset/Coast Capital (Kanman)	3HSDWTZR5NN387363	66,500	4,323	905	61,272
BMO Asset/Coast Capital (Kanman)	3HSDWTZR0NN387366	62,500	4,063	1,075	57,363
BMO Asset/Coast Capital (Kanman)	3HSDWTZR9NN387365	62,500	4,063	1,232	57,205
BMO Asset/Coast Capital (Kanman)	3HSDWTZR7NN387364	31,000	2,015	747	28,238
WELLS FARGO EQUIPMENT FINANCE COMPANY	4V4NC9EH8LN242143	42,500	2,763	1,087	38,650
WELLS FARGO EQUIPMENT FINANCE COMPANY	4V4NC9EH8KN900820	34,500	2,243	993	31,264
DELAGÉ LANDEN FINANCIAL SERVICES CANADA INC.	3H3V532CXKR289247	24,000	1,560	2,104	20,336
BMO (GSA)	1DW1A5328JBA05025	19,000	1,235	1,897	15,868
BVD CAPITAL CORPORATION/BMO(GSA)	5V8VC5328HM710434	20,000	1,300	2,104	16,596
HSBC BANK CANADA	1GRAA0622KW120995	43,000	2,795	2,104	38,101
BMO (GSA)	3H3V532KXNJ161214	29,000	1,885	1,977	25,138
MERIDIAN ONECAP CREDIT CORP.	3H3V532K8NJ543029	28,000	1,820	1,611	24,569
MERIDIAN ONECAP CREDIT CORP.	3H3V532KXNJ543033	28,000	1,820	1,611	24,569
WELLS FARGO EQUIPMENT FINANCE COMPANY	4V4NC9EHXLN242144	39,500	2,568	1,584	35,348
WELLS FARGO EQUIPMENT FINANCE COMPANY	4V4NC9EH4LN242141	39,500	2,568	1,476	35,456
HSBC BANK CANADA	3H3V532K1NJ541235	29,000	1,885	779	26,336
Mercedes-Benz Financial Services/BMO (GSA)	3AKJHHDR3KSKN4479	23,000	1,495	566	20,939
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC5327HM710506	15,500	1,008	3,970	10,523
BMO (GSA)	5V8VC5326GM601405	16,000	1,040	6,592	8,368
CWB/MAHAN SINGH ENTERPRISES INC./BMO (GSA)	1GRAA0620JW110593	34,000	2,210	2,353	29,437
CWB/MAHAN SINGH ENTERPRISES INC./BMO (GSA)	1UYVS2534EM745804	10,000	650	561	8,789
HSBC BANK CANADA	3H3V532K7NJ161185	25,000	1,625	10,779	12,596
BMO (GSA)	1DW1A5322JBA05022	19,000	1,235	11,991	5,774
BVD CAPITAL CORPORATION/ BMO (GSA)	5V8VC532XHM710449	19,500	1,268	6,896	11,337
Total		\$3,606,000	246,334	139,307	3,220,360

Schedule "4" – Proposed Distribution to PMSI Financiers

Summary of Vehicles Sold and Net Auction Proceeds

Secured Lender	VIN#	Days Insured	Net Proceeds	Payout	Insurance paid by Receiver	Net Distribution to Financier
1 Bank Of Montreal	4V4WC9EG8NN291972	74	\$ 95,326.20	70,063.81	526.00	\$ 70,063.81
2 Bank Of Montreal	4V4WC9EGXNN291973	74	92,521.20	70,063.81	526.00	70,063.81
3 Bank Of Montreal / New Millenium Tire Centre	1FUJHHDRXNLNB3898	74	69,158.00	86,051.90	526.00	68,632.00
4 Blueshore Transport Finance Ltd.	4V4NC9EH3LN242146	74	57,926.20	50,641.08	526.00	50,641.08
5 Blueshore Transport Finance Ltd.	4V4NC9EH6LN242147	151	38,758.69	50,641.08	1,073.33	37,685.37
6 Bodkin, A Division Of Bennington Financial Corp.	4V4NC9EH2LN210790	74	45,170.61	13,602.14	526.00	13,602.14
7 Bodkin, A Division Of Bennington Financial Corp.	4V4NC9EH4LN210791	74	58,011.51	13,602.14	526.00	13,602.14
8 Bodkin, A Division Of Bennington Financial Corp.	4V4NC9EH6LN210792	74	55,931.33	13,602.14	526.00	13,602.14
12 Delage Landen Financial Service Canada Inc.	3H3V532C4KR289244	151	21,595.21	7,372.48	1,073.33	7,372.48
13 Delage Landen Financial Service Canada Inc.	3H3V532C2KR289243	151	21,893.40	7,372.48	1,073.33	7,372.48
14 Delage Landen Financial Service Canada Inc.	3H3V532CXKR289250	151	20,660.21	7,372.48	1,073.33	7,372.48
15 Delage Landen Financial Service Canada Inc.	3H3V532C8KR289246	151	21,127.71	7,372.48	1,073.33	7,372.48
16 Delage Landen Financial Service Canada Inc.	3H3V532C6KR289245	151	23,465.21	7,372.48	1,073.33	7,372.48
17 Delage Landen Financial Service Canada Inc.	3H3V532C9KR877026	151	17,855.21	7,372.48	1,073.33	7,372.48
18 Delage Landen Financial Service Canada Inc.	3H3V532CXKR289247	156	20,336.05	7,372.48	1,108.87	7,372.48
19 HSBC Bank Canada	1GRAA0622KW121022	74	47,045.19	87,430.70	526.00	46,519.19
20 HSBC Bank Canada	1GRAA0627KW121060	74	49,850.19	87,430.70	526.00	49,324.19
21 HSBC Bank Canada	3H3V532K2NJ161188	74	29,280.19	33,356.40	526.00	28,754.19
22 HSBC Bank Canada	3H3V532K4NJ161189	74	30,215.19	33,356.40	526.00	29,689.19
23 HSBC Bank Canada	3H3V532K2NJ541230	74	29,280.19	33,356.40	526.00	28,754.19
24 HSBC Bank Canada	3H3V532KXNJ541234	74	29,280.19	33,356.40	526.00	28,754.19
25 HSBC Bank Canada	3H3V532K2NJ541227	74	29,280.19	33,356.40	526.00	28,754.19
26 HSBC Bank Canada	3H3V532K6NJ541229	74	29,280.19	33,356.40	526.00	28,754.19
27 HSBC Bank Canada	3H3V532K3NJ541236	128	28,205.98	33,356.40	909.84	27,296.14
28 HSBC Bank Canada	3H3V532K5NJ541240	128	31,150.19	33,356.40	909.84	30,240.35
29 HSBC Bank Canada	3H3V532K0NJ161190	128	28,397.40	33,356.40	909.84	27,487.56
30 HSBC Bank Canada	1GRAA0622KW120995	156	38,101.05	87,430.70	1,108.87	36,992.18
31 HSBC Bank Canada	3H3V532K1NJ541235	162	26,335.98	33,356.40	1,151.52	25,184.46
32 HSBC Bank Canada	3H3V532K7NJ161185	235	12,596.13	33,356.40	1,670.41	10,925.72
33 Meridian One Cap Credit Corp.	3H3V532K3NJ543035	74	30,215.19	38,697.00	526.00	29,689.19
34 Meridian One Cap Credit Corp.	1DW1A5323JBA05045	151	16,269.29	43,560.39	1,073.33	15,195.97
35 Meridian One Cap Credit Corp.	3H3V532K8NJ543029	156	24,569.27	38,697.00	1,108.87	23,460.40
36 Meridian One Cap Credit Corp.	3H3V532KXNJ543033	156	24,569.27	38,697.00	1,108.87	23,460.40
37 Mitsubishi HC Capital Canada Leasing, Inc.	3H3V532K4RJ071224	56	31,998.68	77,042.63	398.06	31,600.63
38 BMO Asset / Mercedes-Benz	3AKJHHDR3KSKN4479	170	20,938.64	-	1,208.38	-
39 BMO Asset/Mercedes-Benz Financial Services	3AKJHHDR1KSKN4478	151	27,932.74	-	1,073.33	-
44 Wells Fargo Equipment Finance Company	4V4NC9EH8LN242143	151	38,650.21	20,723.53	1,073.33	20,723.53
45 Wells Fargo Equipment Finance Company	4V4NC9EH8KN900820	151	31,264.00	7,953.33	1,073.33	7,953.33
46 Wells Fargo Equipment Finance Company	4V4NC9EHXLN242144	172	35,348.23	23,788.55	1,222.60	23,788.55
47 Wells Fargo Equipment Finance Company	4V4NC9EH4LN242141	184	35,456.16	19,647.05	1,307.90	19,647.05
Total			\$ 1,676,345.54	1,357,894.43	40,153.85	\$ 1,012,448.83