

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No.: 500-17-112596-203

DATE: May 11, 2026

PRESIDED BY THE HONOURABLE AUDREY BOCTOR, J.S.C.

ANATOLI GUTIN
7141564 CANADA INC.
Plaintiffs

v.

ROYAL BANK OF CANADA
Defendant

JUDGMENT

1. OVERVIEW

[1] Mr. Anatoli Gutin and 7141564 Canada Inc. (“**AGI International**” or “**AGI**”) seek damages from the Royal Bank of Canada (“**RBC**” or the “**Bank**”) following the Bank’s termination of the banking relationship between the parties in 2019. AGI seeks damages in the amount of \$440,363.85 in lost profits, and Mr. Gutin seeks damages in the amount of \$200,000 for damage to reputation and \$100,000 for stress and inconvenience.

[2] For the reasons that follow, the Court will allow the claim in part. The Court finds that the Bank acted unreasonably in terminating AGI’s access to its credit facility in June 2019 without sufficient notice.

[3] However, the damages claimed must be reduced. The Court finds that AGI is entitled to \$171,231 in lost profits for two cancelled contracts, the loss of which was caused by RBC's fault, but dismisses the claim in respect of the third contract. The Court finds that AGI has not established the requisite elements of fault, causation and damages with respect to the claim for profits on the decreased sales throughout the period of June to August 2019.

[4] As for Mr. Gutin, the Court awards him \$10,000 for stress and inconvenience and dismisses his claim for loss of reputation.

2. FACTUAL CONTEXT

[5] AGI is an import-export business specializing in frozen food products and frozen meats in particular. AGI has two principal types of activities. First, it buys product from suppliers and resells it to customers at a profit. Second, it acts as a broker to find products and provide other logistical support for customers in exchange for a commission on the total contract price.

[6] Mr. Gutin and his spouse, Irena Gutin, built AGI from the ground up. Mr. Gutin is originally from Belarus and Mrs. Gutin is originally from Latvia. They immigrated to Canada from Belarus with their two children in 2006. While both had careers in Belarus, upon their arrival in Montreal, both completed a course in international trade and logistics at LaSalle Business College.

[7] Mr. Gutin also took courses in business administration at McGill and Mrs. Gutin took courses to improve her French language skills.

[8] Mr. and Mrs. Gutin testified that they decided to build their own business in Canada to support their family and provide a better future for their children. Both incredibly hard-working, Mr. and Mrs. Gutin expected to have to work hard in Canada to earn their success.

[9] Mr. Gutin acquired 7141564 Canada Inc. in 2009 and started operating it as an active company in 2015. The company has customers and suppliers all over the world, including in Africa, Europe, South America, and North America. Mrs. Gutin has several relationships with customers in Africa, in particular in Ghana.

[10] As Mr. and Mrs. Gutin both explained, the import-export business is based on personal relationships and reputation. Customers must be able to trust that AGI will deliver the quality of goods it has promised in the timeframe it has promised, and suppliers must be able to trust that AGI will pay the amounts it owes on time. To build those personal relationships, Mr. and Mrs. Gutin regularly travel to trade shows and are in frequent and regular communication with their counterparts at supplier and customer businesses.

[11] It is not contested that AGI's operations require banking facilities of a certain complexity. First, because most transactions are in US dollars, AGI requires both a

Canadian and a US dollar account.¹ Second, because its customers are all over the world, AGI also requires access to a foreign exchange platform (“**FX Platform**”) to minimize foreign currency exchange risk and costs. Third, AGI requires access to a Cash Against Documents platform (“**CAD platform**”), which allows exporters to forward ownership documents such as bills of lading and invoices to a bank. Fourth, due to the volume of its business, AGI must be able to constantly monitor its accounts, to track incoming and outgoing payments.

[12] Finally, because AGI must often pay significant costs to suppliers upfront prior to receiving payment from customers, in order to prosper, AGI requires access to credit.

[13] AGI opened its first Canadian dollar account with RBC in September 2013. At that time, AGI entered into a Master Client Agreement,² which Mr. Gutin signed on behalf of the company. The Master Client Agreement is a standard document that is not negotiated.³

[14] In June 2016, AGI established its first credit facility with RBC, securing a line of credit of \$200,000. The line of credit was increased to \$500,000 in August 2017, secured by a movable hypothec on all AGI’s assets, a personal guarantee of \$250,000 by Mr. Gutin and an Export Development Canada (“**EDC**”) guarantee of 50% of the aggregate outstanding borrowings.⁴

[15] On April 3, 2019, RBC increased AGI’s line of credit to \$750,000.⁵

[16] The credit facility offers what is called a “revolver”. On a daily basis, RBC was to ascertain the balance in the Canadian and US dollar accounts. If an account was in a debit position, the Bank would draw from the line of credit in increments of \$5,000 to cover the deficit. If an account was in a credit position, the Bank could repay the line of credit.⁶

[17] From 2017 to 2019, AGI’s account was managed by Mr. Louis Millette. Mr. Millette confirmed that he had a very good relationship with Mr. Gutin and AGI. He visited the business every trimester and regularly reviewed accounts receivable, inventory and the general health of the business. Once a year, Mr. Millette received and reviewed AGI’s financial statements. He noted that the company was growing each year.⁷

[18] Based on his review of the company’s financial picture, Mr. Millette recommended two increases to AGI’s credit facility during his tenure as account manager, from \$200,000 to \$500,000 in August 2017 and then from \$500,000 to \$750,000 in April 2019. Each time,

¹ AGI also has a Euro dollar account, but this account is not linked to the line of credit. The parties did not lead evidence about this account.

² Exhibit D-4: Master Client Agreement signed on September 9, 2013.

³ Cross-examination of Hugo Vozek, February 24, 2026.

⁴ Exhibit P-31: Credit facility increases, *en liasse*.

⁵ Exhibit P-32: Documents transmitted to plaintiffs on April 3rd, 2019, *en liasse*.

⁶ Exhibit P-32: see “General Account”.

⁷ Examination-in-chief of Louis Millette, February 23, 2026.

the process involved thorough due diligence and took approximately three to four months.⁸

[19] Mr. Millette explained that to obtain an increase to its credit facility, AGI demonstrated healthy net profits and growth at the level of accounts receivable and inventory. Between April 2019, when AGI's credit limit was increased to \$750,000 and June 2019, when access to AGI's credit facility was interrupted, nothing in AGI's financial portrait had changed.⁹

[20] In addition, each month RBC performed a margin calculation, based on set percentages of the accounts receivable and inventory, to evaluate AGI's borrowing capacity. Based on that calculation, margin was authorized for the following month. Mr. Millette confirmed that AGI never once had an issue satisfying the margin requirements.

[21] Mr. Millette further confirmed that AGI had never defaulted on a single term of its agreements with RBC or missed a single payment during his time managing the account.

[22] On June 3, 2019, two months after its line of credit was increased to \$750,000, AGI received an unexpected letter dated May 29th stating that RBC had decided to terminate its banking relationship with the company.¹⁰ The letter states that "recent activity in your accounts is outside of RBC's client risk appetite, and consequently, we are no longer in a position to continue our banking relationship with you".

[23] While the letter states that RBC recognized that AGI would need to seek an alternate financial institution to support its needs and purported to give AGI 60 days to do so, the accompanying Appendix A provided that the company would no longer have access to its credit facility five days from the date of the letter.

[24] Although AGI only received the letter on June 3, 2019, its credit facility was blocked at \$1.00 as of June 5, 2019.¹¹

[25] In addition, both Mr. and Mrs. Gutin testified that they could no longer log into their virtual banking platform to monitor their accounts and could no longer access the FX platform.¹² While RBC questions whether access to the virtual banking platform was in fact cut, it led no contemporaneous evidence that contradicts Mr. and Mrs. Gutin's testimony.

[26] On June 3rd, the same day they received the letter, Mr. and Mrs. Gutin immediately tried to reach Mr. Millette. Unable to reach Mr. Millette by phone, they went to his office.

⁸ Examination-in-chief of Louis Millette, February 23, 2026. See also Examination on discovery of Louis Millette, p. 54-56.

⁹ Examination-in-chief of Louis Millette, February 23, 2026.

¹⁰ Exhibit P-6: RBC letter of termination dated May 29th, 2019.

¹¹ Exhibit P-7: Mr. Louis Millette's email dated June 5th, 2019.

¹² See also Exhibit P-33: Email exchanges with RBC, *en liasse*, pp. 3-4.

Mr. Millette could not help them. He was told to simply refer all questions to the 1-800 number in Toronto.¹³

[27] Mr. Millette himself had only received a vague indication that there had been “fraudulent” or “unauthorized” transactions, without any detail. He testified that the situation came as a complete surprise. In his 23 years in the banking industry, he had never witnessed a situation like this one.¹⁴

[28] In the days that followed, Mr. Gutin made multiple attempts to contact RBC. He called the 1-800 number provided and sent two letters.¹⁵ He stressed that freezing access to the company’s credit facility “effectively has put the company out of business”¹⁶ and put RBC on notice to reinstate the credit facility on or before June 10th at noon.¹⁷

[29] It appears that following a conversation with Mr. Bernard Donnelle at RBC on June 10th, RBC finally agreed to reinstate access to the credit facility until July 29, 2019.¹⁸

[30] Mr. Gutin requested a further 60-day extension of the banking relationship to permit AGI to secure new banking facilities.¹⁹ RBC refused.²⁰

[31] Although access to AGI’s accounts was officially restored, during the notice period, Mr. Gutin relayed that certain incoming funds were delayed²¹ and that he had difficulty accessing certain banking platforms, including the FX platform.²² He testified that each contact with RBC’s customer service was time-consuming and arduous, often requiring the intervention of a supervisor, which he attributes to flags he assumes were put on AGI’s accounts.

[32] On December 19, 2019, RBC assigned management of what remained of AGI’s accounts to Raymond Chabot Grant Thornton (“**RCGT**”) and sought repayment of the credit facility.²³ Counsel for AGI indicated that AGI had suffered damages that should be offset against the amounts owing.²⁴ The parties sent several letters back and forth regarding their respective positions and agreed to meet.²⁵ Unfortunately, the meeting had

¹³ Examination-in-chief of Louis Millette, February 23, 2026.

¹⁴ Examination-in-chief of Louis Millette, February 23, 2026.

¹⁵ Exhibit P-8: Mr. Gutin’s letter of June 6, 2019; Exhibit P-9, Mr. Gutin’s letter of June 7th, 2019.

¹⁶ Exhibit P-8: Mr. Gutin’s letter of June 6, 2019.

¹⁷ Exhibit P-9: Mr. Gutin’s letter of June 7th, 2019.

¹⁸ Exhibit P-11: Mr. Bernard Donnelle’s letter of June 10th, 2019.

¹⁹ Exhibit P-13: Mr. Gutin’s fax and email of June 26th, 2019.

²⁰ Exhibit P-14: RBC letter dated June 28th, 2019.

²¹ Exhibit P-12: Emails from Mr. Gutin dated July 16th and July 22nd, 2019, *en liasse*.

²² Exhibit P-33: Email exchanges with RBC, *en liasse*, pp. 3-4.

²³ Exhibit P-15: Letter from Raymond Chabot Grant Thornton dated December 9th, 2019; Exhibit P-16: RBC letter dated December 9th, 2019.

²⁴ Exhibit P-17: Maria Di Donati’s email dated December 18th, 2019.

²⁵ Exhibits P-17 to P-26.

to be cancelled due to the COVID restrictions put in place in March 2020. AGI repaid the credit facility in full by the end of 2020.²⁶

[33] AGI alleges that in the five days during which access to its credit facility was cut, it lost three contracts, totalling \$229,421.40 in lost profits.²⁷ AGI also alleges that its sales decreased significantly in June, July and August 2019, and it claims the lost profits on those sales. AGI attributes the decrease in sales to the loss of its credit facility, the strain of having lost its banking relationship, and the time that had to be devoted to finding alternate banking arrangements.²⁸

[34] Finally, Mr. Gutin alleges having personally suffered significant stress and inconvenience and damage to his reputation.

3. QUESTIONS IN ISSUE

[35] The Court has grouped the issues framed by the parties as follows:

- 35.1 What framework applies to RBC's termination of the banking relationship?
- 35.2 Did RBC provide reasonable notice of termination?
- 35.3 Did RBC's fault cause the damages alleged?

4. ANALYSIS

4.1 WHAT FRAMEWORK APPLIES TO RBC'S TERMINATION OF THE BANKING RELATIONSHIP?

[36] While the Court can certainly understand that Mr. and Mrs. Gutin were devastated by RBC's unilateral termination of the banking relationship with AGI, it is important to clarify from the outset that a bank may terminate its relationship with a client, provided the bank follows the rules that govern the termination.

[37] AGI's various contracts with RBC are contracts for an indeterminate term. It is well-settled that "[t]here is generally a right to terminate a contract of indeterminate duration upon giving reasonable notice and a right to terminate a contract without notice for a default that is not of minor importance".²⁹ As the Court of Appeal has explained:

[T]he party terminating the contract must choose one regime or the other and the termination will be governed by the rules of that regime. In other

²⁶ Cross-examination of Anatoli Gutin, February 23, 2026.

²⁷ Expert report of Aviv Razon dated February 19, 2021.

²⁸ Expert report of Aviv Razon dated February 19, 2021; Amended Application to Institute Proceedings in Damages dated April 22, 2025, par. 66.

²⁹ *Toronto-Dominion Bank c. Pourshafiey*, 2020 QCCA 1582, par. 36; Articles 1590 and 1604 CCQ. See also *Bock Capital inc. c. CNH Industrial Canada Ltd.*, 2026 QCCA 160, par. 118.

words, if the party terminates the agreement without cause, it must give notice; if it terminates the agreement for cause, it must establish that the cause is sufficient to justify termination.³⁰

[38] In addition, banks have an implied duty to act with prudence and diligence within the banking relationship.³¹ They must also act in good faith at all stages of the relationship, including upon its termination.³²

[39] Where the bank opts to terminate the relationship without cause, it is not required to provide a reason for the termination. However, it must live with this choice and provide reasonable notice.³³ The purpose of reasonable notice is to provide the customer with an adequate opportunity to make alternative banking arrangements.³⁴

[40] The present case is peculiar in that RBC vigorously maintained, throughout the proceedings, that it had cause to terminate its relationship with AGI, only to abandon that position at trial.

[41] On April 6, 2020, counsel for RBC wrote that the company and Mr. Gutin “were made aware on several occasions as to the reasons supporting the Bank’s decision” and that “activity in the Company’s account [had] lead to an irrevocable breach of confidence in the management of the Company”.³⁵

[42] In its oral grounds of defence, RBC alleged that as of May 29, 2019, AGI was “in default” under the terms of the credit agreement and movable hypothec.³⁶

[43] RBC also vigorously contested requests for undertakings pertaining to its internal communications, leading a judge of this Court to conclude that: “*le litige dont sera saisi le juge du fond est bien délimité et la position de la banque est claire. La banque aura le fardeau de démontrer qu’elle était justifiée de mettre fin à la relation bancaire pour les motifs énoncés dans ses lettres, lesquels reposent essentiellement sur le lien de confiance et sa tolérance au risque.*”³⁷

[44] In addition, when the account manager at RCGT became unavailable for trial due to health reasons, RBC sought and obtained a postponement of the trial originally scheduled in April 2025, arguing that the testimony was required to address “the financial

³⁰ *Toronto-Dominion Bank c. Pourshafiey*, 2020 QCCA 1582, par. 37.

³¹ *Schechter c. TD Canada Trust*, 2024 QCCS 3397, par. 46; Jean-Louis Baudoin, Patrice Deslauriers et Benoît Moore, *La responsabilité civile*, vol. 2 : Responsabilité professionnelle, 9e éd., Éditions Yvon Blais, 2020, para. 2-432.

³² Article 1375 CCQ.

³³ *Toronto-Dominion Bank c. Pourshafiey*, 2020 QCCA 1582, par. 37.

³⁴ *Toronto-Dominion Bank c. Pourshafiey*, 2020 QCCA 1582, par. 44; *Schechter c. TD Canada Trust*, 2024 QCCS 3397, par. 87.

³⁵ Exhibit P-26: BCF letter dated April 26, 2020.

³⁶ Oral Grounds of Defence dated November 2, 2021.

³⁷ Judgment on the Application to Compel Transmission of Documents dated January 9, 2023.

health of the company and the reasons related to the termination of the banking relationship”.³⁸

[45] At trial, RBC led no evidence to substantiate what is written in the termination letter, whether through a representative of RCGT or otherwise. RBC finally confirmed in closing arguments that it was not invoking cause, and acknowledged that the allegations in its oral grounds of defence pertaining to defaults under the credit agreement and movable hypothec should have been withdrawn.

[46] As such, the present dispute is governed by the regime applicable to a without-cause termination. The Court must examine whether RBC provided reasonable notice in the circumstances.

4.2 DID RBC PROVIDE REASONABLE NOTICE OF TERMINATION?

[47] RBC’s Master Client Agreement provides that the Bank or the customer may terminate any service at any time by giving the other party at least 30 days written notice, or as mutually agreed between the parties. The Master Agreement may be terminated by either party on 60 days’ written notice, or as otherwise agreed.³⁹

[48] As for the Facilities Agreement, it provides that “the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time without notice” and that “Borrowings under this facility are repayable upon demand”.⁴⁰

[49] It is useful to recall that the purpose of reasonable notice is to allow customers to find alternate banking arrangements. What constitutes reasonable notice is a fact-specific determination that depends on the circumstances.⁴¹

[50] AGI does not really contest that, in so far as the overall banking relationship is concerned, 60 days is a reasonable notice period pursuant to the case law. However, AGI claims that it did not in fact receive 60 days’ notice. From the perspective of Mr. and Mrs. Gutin, their account access was restricted immediately, their credit facility was blocked as of June 5th, 2019, and even when access was purportedly restored, they continued to experience delays and access issues, particularly with the FX platform.

[51] RBC claims to have essentially complied with the 60-day notice, save for what it calls a “temporary account restriction” limiting access to the credit facility that lasted six days, or four business days.

[52] Based on the evidence, the situation is somewhere in the middle of the parties’ positions.

³⁸ Defendants’ Application for a Postponement of the Hearing dated March 13, 2025, par. 10.

³⁹ Exhibit D-4: Master Client Agreement, sections 15.1 and 15.2.

⁴⁰ Exhibit P-32: Documents transmitted to plaintiffs on April 3rd, 2019, *en liasse*.

⁴¹ *Bock Capital inc. c. CNH Industrial Canada Ltd.*, 2026 QCCA 160, par. 120.

[53] Upon reading RBC's termination letter and Appendix A, Mr. and Mrs. Gutin understood that all their accounts, including their CAD and USD deposit accounts, were restricted "effective immediately". Their understanding was based on language to that effect in Appendix A.⁴² However, Mr. Vozak, RBC's representative and witness at trial, explained that Appendix A contains information that does not apply to every case. The customer must first look at the "Summary of Accounts" page to determine if a particular account has been placed under "restricted access".⁴³ If the answer is "No", as it is for AGI's CAD and USD deposit accounts, then the statements regarding restricted access in Appendix A do not apply. While Mr. Vozak has no direct knowledge of what in fact occurred in AGI's case, based on the letter, he explained that AGI's deposit accounts should not have been restricted. In addition, it appears that some transactions did go through both the USD and CAD deposit accounts in the days following the termination letter,⁴⁴ thus confirming that the accounts were still operative.

[54] Mr. Vozak could not provide any insight as to why Mr. and Mrs. Gutin could not log in to their accounts. RBC lead no evidence that contradicts Mr. and Mrs. Gutin's testimony on this issue.

[55] In sum, based on the evidence, the Court concludes that Mr. and Mrs. Gutin did not have online access to their CAD and USD accounts for several days after they received the termination letter, but that the accounts were still operative. As far as the credit facility is concerned, there is no dispute that access was cut on June 5, 2019, and restored on June 11, 2019.

[56] Given that AGI does not contest the adequacy of a 60-day notice period, the Court finds that, although there were issues with accessing certain aspects of the accounts and platforms, the roughly 56 days' notice that RBC provided was adequate in the circumstances for all banking services other than the credit facility.

[57] As for the credit facility, the two-day notice effectively provided was flagrantly inadequate.

[58] Despite the mention of "without notice" and "upon demand" in the Facilities' Agreement, it has been settled law since *Houle v. Canadian National Bank*⁴⁵ that lenders must act reasonably and in good faith. While RBC did not, in this case, call in the loan and realize on the securities, it cut access to a credit facility it knew or should have known

⁴² Exhibit P-6: RBC letter of termination dated May 29th, 2019, Appendix A.

⁴³ Exhibit P-6: RBC letter of termination dated May 29th, 2019, Summary of Accounts.

⁴⁴ Exhibit D-2: Plaintiff AGI's bank statements (US and CAD accounts) June 2019.

⁴⁵ [1990] 3 S.C.R. 122. See also Arts. 6, 7, 1375 C.C.Q.; *Aubé c. Fournier*, 2025 QCCS 297, par. 41-48 (under appeal); *McManamon v. Bank of Nova Scotia*, 2011 QCCS 527, par. 24. See also *Séquestre de Media5 Corporation*, 2020 QCCA 943, par. 53.

was essential to AGI's business,⁴⁶ without cause and without giving AGI sufficient time to make alternative arrangements.

[59] It must be recalled that RBC abandoned any effort to establish cause at trial. Nonetheless, RBC attempted to justify the short notice as a "standard practice". Otherwise, RBC argues, a client whose relationship has been terminated could draw on its facilities without restraint and then fail to reimburse its debt.

[60] This argument must be rejected. To begin, the evidence on this issue is at best inconclusive. Mr. Vozak first testified that any restrictions to credit would be detailed in Appendix A, along with restrictions to other accounts or investments. Asked again, he agreed it was standard practice to restrict access to credit because there is a risk component for the facility to be used between the issuance of the termination letter and the termination date, and then noted that Appendix A provides the instructions with regards to AGI's Royal Credit line.⁴⁷

[61] This testimony does not establish that the two-day notice given to AGI before access to its credit line was blocked at \$1.00 is a standard practice.

[62] Second, and in any event, the case law is clear that the party terminating an indeterminate term contract must choose one regime or the other and live with this choice. Here, RBC is attempting to use its own unilateral without cause termination of the banking relationship to create a generic cause for terminating access to the credit facility without any individualized assessment and almost without notice. RBC cannot have it both ways.

[63] Third, given that RBC reinstated access to the credit facility on June 11th, any risk posed appears to be minimal or at least acceptable.

[64] Moreover, if there was an issue with the company's ratios, Mr. Millette testified that there were other options short of cutting access, such as reducing the available credit. It bears repeating that in his 23 years in the banking industry, Mr. Millette had never experienced another situation like the present one.

[65] RBC also attempted to lay the blame on the plaintiffs by arguing that Mr. Gutin did not act quickly enough to seek reinstatement of the credit facility or formulate his demands with sufficient clarity.

[66] This argument is wholly without merit. When Mr. Millette was not answering their calls on June 3rd, Mr. and Mrs. Gutin went straight to Mr. Millette's office. Mr. Gutin and Mr. Millette both tried to get answers from RBC representatives in Toronto. They were told the decision was final. It strains credulity to suggest that the Gutins should have known that although the decision to terminate the overall relationship was final, the

⁴⁶ Examination-in-chief of Louis Millette, February 23, 2026; Examination on discovery of Louis Millette, p. 55.

⁴⁷ Examination-in-chief of Hugo Vozak, February 23, 2026.

decision to restrict access to the credit facility might not be, and that all they had to do was ask for it to be reinstated.

[67] It is moreover untenable to suggest that Mr. Gutin was not clear that AGI needed access to the credit facility. In his letter sent on June 6th, Mr. Gutin stated as follows:

To make matters even worse, I have now discovered that the company's credit facility has been frozen which effectively has put the company out of business. This contradicts the letter in which it clearly states that the company has until July 29, 2019 to find alternate financing.⁴⁸

[68] Finally, RBC argues that, since the credit facility was restored on June 11th, it was only a temporary access restriction during a transition period, which cannot be considered a fault. RBC's argument might have been persuasive had the measure been presented to AGI as temporary and reviewable from the outset. It was not.

[69] Considering all the circumstances, including that RBC knew the credit facility was integral to AGI's business, that the credit facility had just been increased to \$750,000 two months prior, that AGI was subject to monthly margin calculations and that AGI never once had an issue meeting the margin requirements, the Court finds that RBC did not act reasonably towards AGI when it restricted access to the credit facility on June 5, 2019, effectively providing a mere two days' notice.

4.3 DID RBC'S FAULT CAUSE THE DAMAGES ALLEGED?

[70] In contractual matters, to give rise to compensation, the loss must be an immediate, direct and foreseeable consequence of the debtor's fault.⁴⁹ Causation and damages are questions of fact that must be proven on a balance of probabilities.⁵⁰

[71] AGI claims lost profits for three lost contracts and a decrease in sales for the months of June, July and August 2019. Mr. Gutin personally claims compensation for damage to reputation and stress and inconvenience.

4.3.1 Lost Contracts

[72] AGI alleges that it lost three contracts due to losing access to its credit facility: (i) Trust Link Ventures LTD ("**Trust Link**"); (ii) Enso Nyame Ye Cold Store Ltd. ("**Enso**"); and OOO Evro-Meat ("**Evro-Meat**").

⁴⁸ Exhibit P-8: Mr. Gutin's letter of June 6, 2019.

⁴⁹ Article 1613 CCQ; Jean-Louis Baudoin, Patrice Deslauriers et Benoît Moore, *La responsabilité civile*, vol. 1 : Principes généraux, 9e éd., Éditions Yvon Blais, 2020, par. 1-368.

⁵⁰ *Montréal (Ville) v. Lonardi*, 2018 SCC 29, par. 41; *Beauchemin c. Wart*, 2020 QCCA 945, par. 104-105.

4.3.1.1 Trust Link and Enso

[73] The Court will examine the Trust Link and Enso contracts together because they involve the same supplier, Bryansk Meat Company LLC, which the parties referred to as “Miratorg”.

[74] On March 27, 2019, AGI entered into contracts with Trust Link and with Enso for the supply of specific frozen food items. Trust Link agreed to purchase items for a total of \$259,480 USD.⁵¹ Enso agreed to purchase items for a total of \$247,040 USD.⁵²

[75] Trust Link and Enso are both based in Ghana. AGI was responsible for transporting the frozen food items from Miratorg, based in the Russian Federation, to each customer in Ghana.⁵³

[76] The total cost of the order from Miratorg was \$334,400 USD, of which \$176,200 USD represents the cost of goods to be sold to Trust Link and \$158,200 USD represents the cost of goods to be sold to Enso.⁵⁴

[77] AGI was also responsible for the transportation costs. The transportation of the goods required a total of nine containers for each customer at a cost of approximately \$2,500 USD per container, for a total of \$22,500 USD per customer.⁵⁵

[78] The invoice with Miratorg indicates that 100% prepayment of the amount of \$334,400 USD was due five days prior to loading. Loading was to take place on June 13, 2019. Payment in full was therefore due by June 8, 2019.⁵⁶

[79] Mr. Gutin testified that, without access to its credit facility, AGI could not make the payment to Miratorg on June 8, 2019. In addition, since RBC had never indicated that the restriction might be temporary or how long it would last, Mr. Gutin could not provide Miratorg with any assurance as to when AGI would be able to make the payment.

[80] Miratorg cancelled the contract with AGI on June 10th because it did not receive payment on time.⁵⁷ Consequently, AGI had to cancel its contracts with Trust Link and Enso.⁵⁸

⁵¹ Exhibit P-27: Contract with Trust Link bearing number 190036.1.

⁵² Exhibit P-28: Contract with Enso bearing number 190037.1.

⁵³ Exhibit P-34: Contract between Miratorg and AGI.

⁵⁴ Exhibit P-28: Contract with Enso bearing number 190037.1, see Proforma Invoice from Miratorg at p. 3. See also Expert Report of Aviv Razon, p. 5.

⁵⁵ Exhibit P-37: Invoice for the containers. See also Expert report of Aviv Razon, p. 5.

⁵⁶ Exhibit P-28: Contract with Enso bearing number 190037.1, see Proforma Invoice from Miratorg at p. 3. See also Expert Report of Aviv Razon, p. 5.

⁵⁷ Exhibit P-27: Contract with Trust Link bearing number 190036.1, p. 4.

⁵⁸ Exhibit P-27: Contract with Trust Link bearing number 190036.1, p. 2; Exhibit P-28: Contract with Enso bearing number 190037.1, p. 2.

[81] RBC argues that the master contract with Miratorg indicates different terms and conditions, namely, payment of 30% no later than 10 days after signing the *pro forma* invoice and the remaining 70% within 50 calendar days after loading. An additional five-day window also applied before Miratorg could cancel the contract. As such, RBC argues that AGI did not establish that the failure to make payment is attributable to the restriction of the credit facility between June 5th and 11th. In addition, RBC argues that AGI failed to show that it tried to mitigate its damages or negotiate another solution with Miratorg, with whom it had a long-standing relationship.

[82] The Court accepts Mr. Gutin's testimony that the parties negotiated different terms depending on the circumstances and that it is the terms reflected in the *pro forma* invoice that govern. Indeed, both Mr. and Mrs. Gutin explained that by prepaying in full, AGI could negotiate lower prices, which is one of the many reasons a credit facility is integral to the growth of their business. The Court accepts that the payment terms in the *pro forma* invoice governed this transaction with Miratorg. RBC faults AGI for not calling a representative of Miratorg to testify about the contractual terms, but RBC was also free to do so.

[83] The Court rejects RBC's argument that AGI failed to mitigate its damages. Mr. and Mrs. Gutin testified that they were on the phone night and day with customers and suppliers to save every deal they could. It is to their credit that they did not lose more contracts. They mitigated their damages as best they could but were unable to save every contract. RBC's assertion that another solution could have been found with Miratorg is purely speculative.

[84] The Court finds that AGI's inability to make the required payment to Miratorg, and the subsequent loss of the Trust Link and Enso contracts, are a direct, immediate and foreseeable consequence of RBC restricting access to AGI's credit facility with insufficient notice. AGI needed access to credit to complete precisely this type of transaction. This is why RBC increased AGI's credit facility a mere two months prior. It should come as no surprise to RBC that if it abruptly restricted access to the credit facility, AGI risked losing pending contracts. This risk materialized and RBC is liable to repair the damage caused by its fault.

[85] Ms. Gaudreault confirmed in her testimony that in so far as the quantum of damages is concerned, the calculation of the loss on these two contracts in Mr. Razon's report is accurate.

[86] The damages are as follows:

	Trust Link	Enso
Sale price USD	\$259,480	\$247,040
Cost of goods USD	\$176,200	\$158,200

Transportation costs USD	\$22,500	\$22,500
Net profit USD	\$60,780	\$66,340
Net profit CAD⁵⁹	\$81,871	\$89,360

[87] Consequently, the Court awards AGI \$171,231 in damages for the cancelled Trust Link and Enso contracts.

4.3.1.2 Evro-Meat

[88] The contract with Evro-Meat is of a different kind than those with Trust Link and Enso. Under the terms of its contract with Evro-Meat, AGI acted as a broker to find product for Evro-Meat at a fixed profit of 100 USD per ton.⁶⁰ AGI was expecting a gross profit of \$43,200 USD or \$58,190.40 CAD on this contract.

[89] For this contract, AGI sourced product from Seara Meats b.v. (“**Seara**”), based in the Russian Federation.

[90] AGI’s contract with Evro-Meat indicates that Evro-Meat was required to make a partial payment to AGI of \$100,000 USD by June 4th, 2019.⁶¹ Mr. Gutin testified that, after receiving the termination letter on June 3rd, 2019, he instructed Evro-Meat not to make the payment.⁶²

[91] Mr. Gutin first testified that since he could not receive the \$100,000 payment from Evro-Meat, he was unable to pay Seara. He advised Seara of the situation and tried to buy time, but Seara could not wait any longer and cancelled the supply contract on June 5, 2019.⁶³

[92] However, this relatively straightforward explanation became less clear as the evidence continued.

[93] First, despite having ample opportunity to do so, Mr. Gutin never clarified in his evidence when payment to Seara was due and in what amount. The contractual terms are contained in an email between the parties that indicates the quantities to be purchased and their price. It states that the shipment is to take place “June – August” and that Seara was “looking forward to receiving prepayment not latter [*sic*] then [*sic*] 3 weeks prior to loading”.⁶⁴

⁵⁹ The Razon report uses an exchange rate of 1.3470 corresponding to the Bank of Canada rate outstanding on June 1, 2019. The exchange rate is not contested.

⁶⁰ Exhibit P-29: Contract with Evro-Meat bearing number 2019/5.

⁶¹ Exhibit P-29: Contract with Evro-Meat bearing number 2019/5, clause 2.2.

⁶² Examination-in-chief of Anatoli Gutin, February 23, 2026.

⁶³ Exhibit P-36: Cancellation email from Seara dated June 5, 2019.

⁶⁴ Exhibit P-35: Copy of the contract between Seara and AGI.

[94] Second, AGI had committed to purchase \$672,300 USD worth of goods. In her testimony, Ms. Gaudreault raised the issue that, if prepayment in full was required, AGI likely would not have had sufficient credit to make the payment.⁶⁵

[95] In answer to this issue raised by Ms. Gaudreault, counsel for AGI attempted to explain that AGI acted simply as a pass-through under this contract, remitting payment received from Evro-Meat to Seara. However, in counterproof, Mr. Gutin contradicted counsel's portrayal and confirmed that AGI would have needed to access its credit facility. He testified that AGI was expecting approximately \$400,000 in receivables in June 2019 and therefore would have been able to make the payment to Seara.⁶⁶

[96] Mr. Gutin explained that he was not in a rush to pay Seara. The real issue was that, without the first payment from Evro-Meat, the contract could not be secured.⁶⁷

[97] In sum, it appears that Mr. Gutin instructed Evro-Meat not to make the payment because of the general climate of uncertainty surrounding the termination of the banking relationship. His first explanation of needing the \$100,000 from Evro-Meat to pay Seara is not accurate.

[98] The Court finds this evolving evidence insufficient to establish a causal link between RBC's fault in restricting access to AGI's credit facility without sufficient notice and the cancellation of the Evro-Meat contract. AGI could have accepted the payment due from Evro-Meat in its deposit accounts, and the evidence fails to establish a date and an amount of a payment that AGI was unable to make to Seara because of RBC's fault.

[99] In the absence of a direct causal link between the fault and the alleged damages, this claim must be dismissed.

4.3.2 Decrease in Sales for June, July and August 2019

[100] In 2018, AGI's sales for the months of June, July and August were reported to be \$5,224,495. In 2019, for the same period, AGI reported sales of \$2,165,035, a reduction of \$3,059,460 or 58%.⁶⁸

[101] AGI relies on the expert report of Mr. Aviv Razon. Mr. Razon is the company's accountant. While this does not disqualify Mr. Razon from acting as an expert witness, the fact that his analysis is based on unaudited financial statements that he himself prepared impacts the probative value of the report.⁶⁹

[102] In essence, Mr. Razon's conclusions are as follows:

⁶⁵ Examination-in-chief of Pascale Gaudreault, February 24, 2026.

⁶⁶ Exhibit P-39: Accounts receivables as of June 4, 2019.

⁶⁷ Examination of Anatoli Gutin in counterproof, February 24, 2026.

⁶⁸ Expert report of Aviv Razon, p. 3.

⁶⁹ *Couche-Tard inc. c. Front Line Displays inc.*, 2019 QCCS 916, par. 39-41.

Without access to its line of credit, the corporation's operations were stopped and all customer orders had to be delayed or completely cancelled. The Corporation's sales are consistent enough year over year (see Appendix 1) to conclude that lack of access to its bank accounts and credit line, rather than any other factor considered, was the main catalyst for the decrease in sales in 2019. Additionally, the timing of the decrease in sales correlates to the exact timing of the abrupt termination by RBC of the banking relationship. The drop in sales year over year for the months of June, July and August 2019 indicates a direct relationship between the credit facility and the ability to convert sales.⁷⁰

[103] There are several problems with this analysis.

[104] First, Mr. Razon erroneously states that AGI did not have access to its credit facility and bank accounts. As noted above, the bank accounts were always operative even if access to the on-line platform was not. That aside, of greater concern, Mr. Razon seems to assume that access to the credit facility was restricted for the entire period of June through August 2019. However, access was restored on June 11th. The Razon report does not take this crucial fact into account.

[105] When asked about this issue, Mr. Razon maintained that his conclusions were not impacted because it was the time required to find a new banking relationship that prevented Mr. and Mrs. Gutin from being able to concentrate their efforts on concluding new contracts.⁷¹ However, this answer raises another problem because it overshoots the fault attributable to RBC. RBC had the right to terminate its relationship with AGI, provided it gave adequate notice. In the present case, the notice was inadequate only for the immediate restriction of the credit facility. Time spent finding a new banking relationship during the notice period is not compensable where the overall notice period is not in itself inadequate.

[106] There is therefore no fault to which the time spent finding a new bank and the uncertainty created by having to change banks over the entire period of June, July and August 2019 can be connected. Put another way, there is no causal link between the fault committed by the Bank, properly characterized, and three months of decreased sales.

[107] Third, the Razon report contains methodological flaws. As Ms. Gaudreault explained, it is insufficient to simply look at one prior year of sales for the same period. In addition, there is a double-counting with respect to the profits claimed on the Trust Link, Enso and Evro-meat contracts, since at least some of the sales would have been reflected in the June-August period.

[108] In response to the concern about double-counting, Mr. Razon insisted that since sales are generally reflected a few months after contracts are concluded, the sales on the

⁷⁰ Expert report of Aviv Razon, p. 4.

⁷¹ Testimony of Aviv Razon in answer to a question of the Court, February 24, 2026.

three cancelled contracts would not fall in the June to August period. This answer raises another major flag. Mr. Razon's hypothesis is that AGI was unable to conclude new contracts from June to August. Even if the Court were to accept this premise, by Mr. Razon's logic, the lost sales would be reflected three to four months later, and the sales for June through August would be based on contracts concluded three to four months prior. These positions cannot be reconciled.

[109] Consequently, in addition to the lack of causal connection between RBC's fault, properly characterized, and the three months of decreased sales, the Razon report simply does not provide a sufficiently reliable basis on which to calculate the claimed decrease in sales for the period at issue.

[110] In sum, while AGI's financial statements for 2019 appear to reflect a decrease in sales, this head of damages must be dismissed because the plaintiffs have not established the requisite elements of fault, causation and damage to ground a claim in civil liability against RBC for this decrease in sales.

4.3.3 Mr. Gutin's Claim for Damage to Reputation

[111] The Court notes that plaintiffs' counsel did not insist on the claim for damage to reputation in closing arguments, nor did the plaintiffs submit any authorities on this issue. However, given that the proceedings were never amended to remove this claim, the Court will analyze it briefly.

[112] The evidence does not establish a claim for damage to reputation. While the Court can certainly understand that the situation had a significant impact on Mr. Gutin, which will be examined below, much to Mr. Gutin's credit, his reputation does not appear to have suffered.⁷² Aside from some momentary frustration expressed by a representative of Seara,⁷³ Mr. Gutin did not lead any evidence of a lasting harm to his reputation.

[113] Mrs. Gutin confirmed that business is good and is growing. Mr. and Mrs. Gutin have every reason to be proud of what they built, due to their know-how, perseverance, and hard work.

4.3.4 Mr. Gutin's Claim for Stress and Inconvenience

[114] Mr. Gutin claims \$100,000 for stress and inconvenience. While this amount is without foundation, the Court concludes that Mr. Gutin is entitled to some damages on this front.

⁷² See e.g. *Poulin c. Promutuel Charlevoix-Montmorency, société mutuelle d'assurances générales*, 2001 CanLII 24853, par. 54.

⁷³ Exhibit P-36: Cancellation email from Seara dated June 5, 2019.

[115] Since this claim is personal to Mr. Gutin, he must establish RBC's extracontractual liability pursuant to article 1457 CCQ. The damages claimed must be a logical, direct and immediate consequence of the fault.⁷⁴

[116] As the Court of Appeal has explained, the breach of a contractual obligation can lead to extracontractual liability to a third party, provided the obligation has a distinct source and the damages are those suffered by the third party. While the source of the obligation is different, the same conduct can give rise to both contractual and extracontractual liability:⁷⁵

[37] Cela dit, bien que la source de l'obligation envers le tiers soit distincte, une même faute contractuelle peut donner ouverture à la fois à la responsabilité contractuelle et extracontractuelle. L'obligation envers le tiers doit être indépendante de l'obligation contractuelle, mais la faute n'a pas à être entièrement distincte. C'est ainsi qu'une même violation contractuelle pourra générer un préjudice distinct qui sera contractuel pour les parties au contrat et extracontractuelle pour les tiers. [...]

[...]

[42] Il incombe alors à celui qui poursuit de démontrer que l'inexécution contractuelle, ou la conduite du contractant, lorsque le manquement contractuel n'est pas allégué, constitue une faute spécifique à son égard, soit un manquement au devoir général de l'article 1457 C.c.Q..

[117] The Court finds that RBC's fault in restricting access to AGI's credit facility without sufficient notice also grounds its extracontractual liability to Mr. Gutin. RBC did not act as a prudent and diligent bank would have acted, and this conduct caused a distinct damage to Mr. Gutin, who suffered a great deal of stress and inconvenience in the aftermath of RBC's conduct. This distinct damage, suffered personally by Mr. Gutin, is a logical, direct and immediate consequence of RBC's fault.⁷⁶

[118] It must be recalled that Mr. Gutin personally guaranteed the line of credit for an amount of \$250,000. Moreover, as both Mr. and Mrs. Gutin explained, AGI is not just a company they work for; it is their life's work and livelihood. The Court does not accept RBC's contention that this is normal stress that any company president faces.

[119] In addition, while a bank is not required to provide any reason when it terminates a relationship without cause,⁷⁷ here, RBC maintained that it *had* cause, including "breach

⁷⁴ Art. 1607 CCQ.; *Salomon v. Matte-Thompson*, 2019 SCC 14, par. 84, Jean-Louis Baudoin, Patrice Deslauriers et Benoît Moore, La responsabilité civile, vol. 1 : Principes généraux, 9e éd., Éditions Yvon Blais, 2020, par. 1-333.

⁷⁵ 3952851 *Canada inc. c. Groupe Montoni (1995) division construction inc.*, 2017 QCCA 620, par. 35-46.

⁷⁶ See *Martin c. Beaulieu*, 2025 QCCQ 3812, par. 213-214 (Appeal dismissed: *Beaulieu c. Martin*, 2025 QCCA 1562, par. 4).

⁷⁷ *Toronto-Dominion Bank c. Pourshafiey*, 2020 QCCA 1582, par. 64.

of confidence in the management of the Company”⁷⁸ right up until trial. This is not fair dealing and clearly exacerbated the personal toll on Mr. Gutin.

[120] The Court accepts Mr. Gutin’s evidence that the stress of the situation required a visit to his doctor. While RBC raises that Mr. Gutin produced only a pharmacy receipt and not a prescription, and did not lead proper medical evidence, the Court notes that Mr. Gutin’s claim is for stress and inconvenience, not physical or psychological harm. It would not be proportionate to require expert evidence for this type of claim.

[121] Calculating damages for stress and inconvenience is not an exact science. The Court must use its discretion to determine an appropriate amount considering all the circumstances.⁷⁹

[122] There are few cases directly on point. In 2020 in *Pourshafiey*, the Court of Appeal considered that \$25,000 was appropriate in circumstances where a bank immediately terminated a wire service which effectively shut down the customer’s business, closed all other accounts on 30 days’ notice and recalled a loan sooner than originally announced.⁸⁰

[123] The stress Mr. Gutin experienced in the circumstances of this case was palpable and RBC’s callousness towards Mr. Gutin continued up until trial as it maintained a cloud of cause that it made no attempt to prove. However, the period of acute stress while access to AGI’s credit facility was restricted was of a shorter duration, and while Mr. and Mrs. Gutin genuinely feared losing everything, this was not the case.

[124] Considering all the circumstances, the Court awards Mr. Gutin \$10,000 for stress and inconvenience.

5. CONCLUSIONS

[125] In closing, the Court notes that while it awarded damages to the plaintiffs, it rejected the bulk of Mr. Razon’s report. The Court will therefore deviate from the usual rule with respect to costs, and each party will bear their own expert fees. Otherwise, costs are awarded to the plaintiffs.

[126] Interest at the legal rate and the additional indemnity will begin to run as of June 6, 2019, the date of Mr. Gutin’s first demand letter to RBC.⁸¹

FOR THESE REASONS, THE COURT:

[127] **GRANTS**, in part, the plaintiffs’ *Amended Application to Institute Proceedings in Damages*;

⁷⁸ Exhibit P-26: Letter from Me Claude Paquet dated April 6, 2020, p. 2 [Emphasis added].

⁷⁹ *Toronto-Dominion Bank c. Pourshafiey*, 2020 QCCA 1582, par. 67.

⁸⁰ *Toronto-Dominion Bank c. Pourshafiey*, 2020 QCCA 1582, par. 67.

⁸¹ Exhibit P-8: Mr. Gutin’s letter of June 6, 2019

[128] **ORDERS** the defendant, the Royal Bank of Canada to pay to the plaintiff 7141564 Canada Inc. the amount of \$171,231 with interest at the legal rate and the additional indemnity provided for in article 1619 CCQ from the date of June 6, 2019;

[129] **ORDERS** the defendant, the Royal Bank of Canada to pay to the plaintiff Anatoli Gutin the amount of \$10,000 with interest at the legal rate and the additional indemnity provided for in article 1619 CCQ from the date of June 6, 2019;

[130] **THE WHOLE** with costs, except for the expert fees.

AUDREY BOCTOR, J.S.C.

Me Ioana Alexandra Tivis
CHOUKE HOLLANDER LLP
Counsel for the Plaintiffs

Me Sarah Korhani
BCF S.E.N.C.R.L.
Counsel for the Defendant

Hearing dates: February 23, 24, 25, 2026.