

CITATION: Royal Bank of Canada v. International Trucking Inc., 2026 ONSC 2978

COURT FILE NO.: CL-26-00000101

DATE: 20260521

SUPERIOR COURT OF JUSTICE - ONTARIO

RE: ROYAL BANK OF CANADA

Applicant

AND:

INTERNATIONAL TRUCKING INCORPORATED and 1000563626 ONTARIO
INC.

Respondents

BEFORE: Justice Dunphy

COUNSEL: *Shaun Parsons & Steve Graff*, for the Applicant

Salma Rana & Sharon Kaur, for the Respondents

HEARD: May 21, 2026

ENDORSEMENT

[1] This is a receivership application initiated by the Bank through a Notice of Application filed March 11, 2026 which was made initially returnable on April 1, 2026.

[2] The debtors operate a trucking and logistics business. The applicant Bank has provided a variety of credit facilities for their business for which it has received and registered both general and specific security on substantially all of the assets, property and undertaking of the debtors. Their security package includes the right to appoint a receiver upon default. There are also a number of creditors with PPSA registrations. These appear to be specific asset lenders with what may be purchase money security interests or lease interests in discrete assets or in some cases subordinate security ranking subsequent to the Bank.

[3] The debtors had difficulties in their business. Some were of their own making. There was a failure to record accounts receivable by accurately reflecting customer discounts which overstated the value of receivables. There was a failure to make proper source deductions to the CRA which resulted in onerous payment obligations that were not expected including penalties and interest. Other difficulties were more industry-wide rather than debtor-specific.

[4] What matters for present purposes is that the debtors found themselves in default in June 2025 and the Bank protected its interests by issuing a formal demand for payment and all of the required notices of intention to enforce. The Bank is owed approximately \$11 million under its

various facilities. While there have been some small (relative to the total debt) payments over the intervening 11 months since demand was made, the defaults remain uncured and the debt remains due and payable.

[5] The parties engaged in lengthy negotiations. The details of those negotiations are not particularly material. Both sides understood the stakes, both sides pursued their best interests. No firm path to resolution acceptable to both emerged. The Bank reached the point where it determined to bring this Application for a receiver and did so on March 11, 2026.

[6] When the matter came before me on April 1, 2026, I was presented with a consent schedule leading to a hearing of the Bank's Application today, May 21, 2026. I approved the schedule the parties themselves negotiated. The Bank's application was set down for a hearing on the merits today.

[7] At the opening of the hearing today, I was presented with a request for an adjournment by the debtors which was quite vigorously opposed by the Bank.

[8] In support of the application, the debtors filed an affidavit from their counsel last night which I am told contained a considerable amount of detail regarding the substance of settlement negotiations between the parties over the past seven weeks. Counsel from the same firm continued to represent the debtors at today's hearing and relied upon the affidavit of a partner in the firm to support that request. Indeed, the affidavit was commissioned by the lawyer appearing in court this morning. That course of conduct was improper on multiple levels.

[9] Absent exceptional circumstances, a lawyer ought *never* to present an affidavit from another lawyer in the same firm in court on anything contentious. Further, affidavits ought never to simply spill the contents of privileged settlement communications into the public domain without a process first being followed. The privileged portions ought to be retained under seal and the affidavit confined to explaining the reasons why the privilege does not apply or the exceptional circumstances that justify violation of the privilege.

[10] As it turns out, the *details* of negotiations as opposed to the *fact* that they occurred and, potentially, steps taken in consequence are almost never of the remotest relevance in court proceedings. This case is no exception to that rule. I find the affidavit of Mr. Wray to be as improperly filed as it was irrelevant and strike it from the record on both grounds.

[11] Is there a reason to grant the requested adjournment? In my view there is not.

[12] The Bank and the debtors have both done what the legal system expects of them. They have negotiated and looked diligently for ways of avoiding conflict in court. Both sides have pursued their own interest as is fit and proper. There is no suggestion of impropriety that has been advanced by either side. The debtors looked for ways to refinance and pay the Bank out. The debtors examined the prospect of a CCAA restructuring process undertaken with the Bank's support. None of these avenues explored ultimately bore fruit. The reasons are many but ultimately don't matter. The economy is shaky, the trucking business is in a challenging state generally, the accounting issues the debtors have had – all of these undoubtedly played a role of some kind. At the end of the day, the Bank has contractual rights. The debtors remain in default.

The Bank can demonstrate that it has gone the extra mile to accommodate the debtors' efforts – not out of the goodness of their heart but because the Bank saw that it was worthwhile to pursue those efforts. Those discussions have reached a conclusion that is not what the debtors hoped for.

[13] I am told that the debtors now wish time to formulate a stand-alone CCAA application without the support of the Bank. I understand that the debtors' preferred outcome was a CCAA process supported by the Bank. However, that can be hoped for but not imposed. I can only assume that the debtors either concluded that a stand-alone CCAA was not viable initially or they have simply changed their minds in extremis. Whatever the explanation for why there is no cross-application before me today, there is no cross-application before me today. I cannot weigh a flock of birds in the bush against the Bank's request to turn to the receivership bird in its hand. I rejected the application for an adjournment.

[14] The Bank has several good and sufficient reasons for not pursuing a private receivership and turning to the courts instead. Among these is the risk of unknown environmental exposure associated with occupying real estate from which a trucking business has been operating and the risk of complex intercreditor issues among secured creditors that the Court may be needed to resolve.

[15] I am satisfied that a court-supervised receivership is justified on the facts of this case. The Bank has given all the required notices and negotiated for almost a year. It is entitled to enforce its security at some point – that time is now.

[16] The requested order tracks the Model Order without any material alterations beyond grammar and filling in blanks about borrowing power and private sale thresholds. The debtors had no comments on the form of order requested. The proposed draft order will be amended to delete any reference to retroactive application and to add my name. I will sign it once those amendments are made later today.

[17] Lastly, the debtors secured a case conference appointment tomorrow to discuss scheduling of an intended CCAA application. I don't know if there is still an intention to proceed down that road even post-receivership. I would ask counsel to advise the Commercial List office forthwith today whether that appointment is still expected to proceed. If confirmation is not sent to the Commercial List office by 4pm today and copied to counsel who appeared for the Bank today, I am instructing the Commercial List office to vacate the appointment.

[18] The application is accordingly granted and a receivership order shall issue in the form approved by me at the hearing.

Justice Dunphy

Date: May 21, 2026