

Court of King's Bench of Alberta

Citation: Coast Automotive Group Inc (Re), 2026 ABKB 490

Date: 20260703
Docket: 2503 13640
Registry: Edmonton

In the *Matter of the Companies' Creditors Arrangement Act*,
RSC 1985, c C-36, as amended

And in the Matter of the Compromise or Arrangement of Coast Automotive Group Inc,
Coast North Vancouver Auto Sales Inc, Coast Auto Drayton Inc,
and 2461765 Alberta Ltd

Between:

**Coast Automotive Group Inc, Coast North Vancouver Auto Sales Inc,
Coast Auto Drayton Inc, 2461765 Alberta Ltd, Sundeep Cheema, Deepak Parmar,
Harjot Randhawa and Deerfoot Atria Partners Ltd**

Cross-Applicants

- and -

**BDO Canada Limited, in its Capacity as Court-Appointed Monitor
of the Coast Group and Bank of Montreal**

Cross-Respondents

Corrected judgment: A corrigendum was issued on July 6, 2026; the corrections
have been made to the text and the corrigendum is appended to this judgment.

**Reasons for Decision
of the
Honourable Justice Douglas R. Mah**

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A. A Brief History

[1] This is a costs ruling in a matter under the *Companies’ Creditors Arrangement Act* (CCAA).

[2] I invited written submissions from counsel at para 102 of my May 11, 2026 decision reported at 2026 ABKB 366 (the Decision) in the event costs were being sought for either the main application or the cross-application and the parties could not reach agreement. Counsel for all three parties to the matter made those written submissions on June 10, 2026.

[3] The main application was brought by the Monitor, BDO Canada Limited (BDO), for termination of this CCAA proceeding and approval of the Monitor’s conduct, activities, decisions and Reports to date. The proceeding was creditor-driven, initiated by the senior secured creditor,

Bank of Montreal (BMO), for the express purpose of realizing on its security. The Monitor requested termination after all the assets of the four debtor companies (Coast Auto Group) had been liquidated and the objective of the proceeding fulfilled.

[4] The assets consisted primarily of a Stellantis dealership in North Vancouver, BC and a Stellantis dealership and associated lands in Drayton Valley, Alberta, all of which had been disposed of through a court-supervised Sales and Investment Solicitation Process (SISP) in October 2025.

[5] A normally routine termination application was complicated by Coast Auto Group and related individuals and a related entity (non-CCAA parties) commencing their own action against BMO for wrongful inducement of insolvency (the Founders' Claim). Coast Auto Group and the non-CCAA parties opposed the Monitor's application. They also brought a cross-application for continuation of the CCAA proceedings, transfer of control of those proceedings to themselves, and replacement of BDO as Monitor with a Monitor-To-Be-Named.

[6] There was a flurry of interlocutory steps (which included a leave application by the Coast Auto Group/the non-CCAA parties in the Court of Appeal) between the date the Monitor's application was filed (December 3, 2025) and the date I initially heard both applications (April 17, 2026). All of the events leading up to the hearing before me are chronicled in paras 6-29 of the Decision.

[7] It turned out that part of what was uncontested and pronounced upon in the hearing of April 17, 2026 was being contested after-the-fact. It was necessary for me to convene a further hearing on April 27, 2026 to deal with the now-contested-formerly-uncontested matters.

[8] The Decision disposes of the entirety of the application and cross-application. I included rulings on the formerly uncontested matters as well (see paras 30-45 of the Decision). Ultimately, I granted the Monitor's application and dismissed the cross-application.

[9] For more complete background, I urge readers to also read 2026 ABKB 366.

B. Jurisdiction to award costs

[10] As noted by Topolniski J in *Re San Francisco Gifts Ltd*, 2004 ABQB 705 at para 53 (citing *Re Jackpine Forest Products*, 2004 BCSC 20 at para 7), while there are no provisions in the CCAA itself dealing with costs, the Court has the discretion to award costs under the *Rules of Court* and its inherent jurisdiction.

[11] In *Canada North Group Inc*, 2020 ABQB 12, Hillier J stated at paras 10 & 11 that:

- The starting point in CCAA insolvency matters is that, as a matter of practice (not law), each party will usually bear its own costs.
- The Court does, however, consider cost awards where appropriate.
- The circumstances justifying a costs award may arise in various ways, "including unusual applications, unreasonable positions, unnecessary steps, or misconduct which impacts the timing or costs associated with winding up the estate."

[12] The general principles governing costs on motions in restructuring proceedings were recently canvassed in a CCAA decision involving Canada's oldest business corporation in *In Re Hudson's Bay Company*, 2026 ONSC 1331 at paras 10-11 & 13 where Kimmel J said:

[10] Costs are not typically sought under the CCAA because, as the court explained in *YG Limited Partnership and YSL Residences (Re)*, 2021 ONSC 5478, 93 C.B.R. (6th) 154, at para. 9, a restructuring is often not a “classic adversarial civil proceeding”, and the CCAA is intended to provide a “forum for stakeholder views to be brought forward, considered, and taken into account”.

[11] However, the court has discretion to award costs in appropriate CCAA cases. CCAA Applicants are not immune from costs awards. There is no general principle that costs should not be awarded in CCAA proceedings, and there are examples of cases in which the normal rule that costs follow the event has been applied. Costs have been ordered payable out of the debtors’ estate either directly by the applicants or as a result of an award made against the Monitor: see, for example, *Urbancorp Toronto Management Inc. (Re)*, 2019 ONCA 757, 74 C.B.R. (6th) 23, at paras. 80, 82; *Silver Streams Homes Inc. (Re)*, 2017 ONSC 314, at paras. 13-21; *Return On Innovation Capital Ltd. v. Gandi Innovations Ltd.*, 2011 ONSC 7465, 88 C.B.R. (5th) 320, at paras. 5-7, 14-15; *Re Calpine Canada Energy Ltd.*, 2008 ABQB 537, 46 C.B.R. (5th) 243, at para. 1; and *Jackpine Forest Products Ltd., Re*, 2004 BCSC 20, 27 B.C.L.R. (4th) 332, at para. 35.

...

[13] ... while not the norm, there are restructuring proceedings in which a classic adversarial dispute can arise between two competing creditor groups, and in such circumstances there is a recognized discretion in the court to award costs as between the parties with the economic interests in the outcome.

[13] Here, both the Monitor and BMO say the normal rule in civil litigation that costs follow the event apply to both the disposition of the main application and the cross-application and that Coast Auto Group and the non-CCAA parties, as the unsuccessful parties in both applications, are liable to pay costs. The *Hudson’s Bay* costs decision notes at para 12 that the usual trifecta of decision-making (entitlement, scale and quantum) applies in a CCAA case as in any other civil case.

[14] All parts of the trifecta are inherently discretionary and rest upon judicial principles of reasonableness, fairness, balance and equity: *JBRO Holdings Inc v Dynasty Power Inc*, 2022 ABCA 258 at para 26, *Rule* 10.31. The relevant considerations for a costs award are found in *Rule* 10.33 and include, among a list of factors, result, complexity, and whether an application was unnecessary or improper.

C. Positions

[15] As the successful party in both the application and the cross-application, the Monitor says that Coast Auto Group and the non-CCAA parties should pay partial indemnity costs on the scale of 50% of actual costs per *McAllister v Calgary (City)*, 2021 ABCA 25 at para 41 because:

- The actions of Coast Auto Group and the non-CCAA parties in opposing the application and making the cross-application caused costly, undue and unreasonable delay for the CCAA Estate;
- The cross-application was basically hopeless and unsupported by law; and

- The Monitor made an offer by way of letter dated March 13, 2026 in the nature of a Calderbank Offer and the Decision essentially reflects what was contained in the offer.

[16] BMO supported the Monitor's position throughout in both the application and the cross-application. It was separately named as a Respondent in the cross-application. BMO seeks full indemnity costs from Coast Auto Group and the non-CCAA parties. It says:

- Coast Auto Group and the non-CCAA parties needlessly complicated and delayed an inevitable outcome, causing BMO (as the creditor financing the CCAA proceeding) to incur extensive and needless costs.
- In particular, the steps taken by Coast Auto Group and the non-CCAA and the steps required to be taken by BMO's counsel in response are listed as numbered points 1-8 in counsel's submissions of June 10, 2026.
- Coast Auto Group is required to pay full indemnity costs under the Initial Order and the Amended and Restated Initial Order. Coast Auto Group, Mr. Parma, Mr. Cheema and Deerfoot Atria are required to pay full indemnity costs under the Interim Financing Agreement and the failed Forbearance Agreement.
- In the alternative, BMO should receive partial indemnity of 50% of actual costs because the unsuccessful parties always knew BMO was in a shortfall position and were aware of the risk of a substantial adverse costs award.

[17] BMO asks that the \$100,000 ordered by Harris J and deposited as security for costs for BMO be directed to be paid out on account of whatever costs are awarded in favour of BMO.

[18] Coast Auto Group and the non-CCAA parties say:

- Costs are not typically awarded in CCAA proceedings.¹
- The costs directed in the Decision relate only to the application and the cross-application, not the entirety of the proceedings.
- On close review, there was either mixed success or the final outcomes were the subject of consent. They refer me to a coloured-coded chart setting out the various outcomes, which is Exhibit 1 to their submissions.
- The primary sticking point in the Monitor's application was its request for authority to assign the CCAA debtors into bankruptcy – a form of relief ultimately withdrawn by the Monitor.
- The costs requested by the Monitor and BMO are inappropriate also because:
 - None were sought while the various interlocutory applications were going on,
 - Many steps taken were required in the normal course of a CCAA proceeding,
 - This Court cannot award costs for proceedings in the Court of Appeal,

¹ Citing Houlden & Morawetz, Online Newsletter, 2012-01: "Justice LaVigne noted that costs awards are seldom made relating to applications or motions brought during CCAA proceedings: rather each party typically pays its own costs and the costs of the restructuring are borne by the estate."

- BMO's purported contractual right to full indemnity should be separately enforced,
- The accounts rendered by counsel for both the Monitor and BMO are inordinately high and the accounts are partially redacted and lack informative detail.
- They (Coast Auto Group and the non-CCAA parties) were not acting in bad faith.
- The Monitor "entered the fray" and took an adversarial role rather than remain an independent, neutral officer of the Court: ***Ernst & Young Inc v Essar Global Fund Limited***, 2017 ONCA 1014 at para 119.

[19] The unsuccessful parties say at best they should pay costs under Schedule C for a contested application with brief and one day of argument where there is no monetary value, or \$2500 [Item 8(1)(a) & (b)].

[20] I propose to deal with these various arguments by grouping them under the three headings of entitlement, scale and quantum. Entitlement deals with whether costs should be awarded or not. If yes, then the scale is the model on which the costs are awarded. Typically, this would entail pronouncing indemnity costs to some degree or resorting to Schedule C of the Rules of Court. Finally, quantum is the actual dollar amount ordered.

D. Entitlement

Arguments Addressed

[21] In the usual civil case, entitlement is not controversial. The successful party is presumptively entitled to costs: ***McAllister*** at para 21, Rule 10.29(1); ***63073 Alberta Ltd v Alberta (Treasury Board)***, 2021 ABCA 430 at para 7 & ***Macdonald v King***, 2021 ABCA 258 at para 10. Due to the nature and purpose of the CCAA itself, entitlement to costs in contested CCAA applications is less clear.

[22] In this section, I will deal with the arguments that:

- The actions of Coast Auto Group and the non-CCAA parties have caused costly, undue and unreasonable delay for the CCAA Estate (the Monitor & BMO);
- The cross-application was hopeless and unsupported by law (the Monitor & BMO);
- BMO is particularly prejudiced as the creditor financing this CCAA proceeding (BMO);
- Costs are not typically awarded in CCAA proceedings (Coast Auto Group/the non-CCAA parties);
- The Monitor should not descend into the fray (Coast Auto Group/the non-CCAA parties).

When is there deviation from normal practice of each party bearing own costs?

[23] Coast Auto Group/the non-CCAA parties argue at page 2 of their costs letter that:

The CCAA is a collective forum that encourages restructurings through the transparent advancement towards a plan amongst the stakeholders. Costs awards would throw a chill into such participation.

[24] I agree with that submission as a statement of principle. Relying on **Canada North** and the **Hudson's Bay** costs decision, I agree it is usual practice in Alberta (and Ontario) for each party to bear its own costs in CCAA proceedings, and there should be extenuating circumstances for an award of costs. Per **Canada North**, while I do not find actual misconduct on the part of Coast Auto Group and the non-CCAA parties, I do find that they took "unusual applications, unreasonable positions, unnecessary steps ... which impact[ed] the timing or costs associated with winding up the estate."

[25] Moreover, I find that per the Court's comments in **Hudson's Bay**, this CCAA proceeding transformed from a "forum for stakeholder views to be brought forward and considered" to a "classical adversarial civil proceeding". This transformation took place before my very eyes when Coast Auto Group and the non-CCAA parties, through newly-appointed counsel, announced for the first time in court on October 16, 2025 that these parties intended to sue BMO and BDO (in both its pre-Monitor and Monitor capacities) for wrongful inducement of insolvency, misrepresentation and (at least at the time) improvident realization.

[26] As described at para 20 of 2026 ABKB 366, the eventual Statement of Claim that issued on November 28, 2025, made no allegations and claimed no relief against the Monitor *qua* Monitor. However, as late as April 27, 2026, during the rehashing of the 'uncontested' part of my April 17, 2026, oral rulings, Coast Auto Group and the non-CCAA parties were still alleging a cause of action against BDO for its pre-filing involvement on the file.

[27] By bringing their cross-application on December 9, 2025, Coast Auto Group/the non-CCAA parties sought to oust BDO as Monitor and replace it with an unknown entity for the sole purpose of advancing a legal offensive against BMO. The interlocutory skirmishing between Coast Auto Group/the non-CCAA parties on one side, and BMO and the Monitor, on the other is described in some detail at paras 15-29 of the Decision, in Harris J's unpublished decision filed March 10, 2026 and Feehan JA's leave decision found at **Coast Automotive Group Inc (Re)**, 2026 ABCA 123.

[28] At one point, Coast Auto Group/the non-CCAA parties, dissatisfied with answers received from the Monitor's representative, Mr. Lonergan, to 25 written interrogatories related to the Monitor's Third Report, sought to examine him under oath. To this end, they brought an "Emergency Application" before Harris J seeking this and other relief. Their application was refused by Harris J (in her March 10, 2026 decision) but BMO's application for security for costs was granted. Leave to appeal to the Court of Appeal was sought for the totality of Harris J's decision.

[29] Feehan JA in the leave decision, among various findings, said at para 27:

A review of the application does substantiate the concern that one of the driving goals of the Coast Automotive Group and Non-CCAA Parties is to obtain information for the Founder's Claim, while proceeding concurrently with this claim.

[30] He also upheld Harris J in all respects.

[31] The entire purpose of opposing what is normally a non-controversial application on the Monitor's part and advancing the cross-application was to enable Coast Auto Group/the non-CCAA parties to mine for information and advance their own lawsuit against BMO under the protective aegis of the CCAA. Counsel for Coast Auto Group/the non-CCAA parties told me during the April 17, 2026, that his clients "wanted to play offence, not defence."

[32] As I said at para 88 of the Decision: "Providing leverage to guarantors in their on-going debt battle with the lender is not a recognized objective under the CCAA."

[33] Furthermore, I specifically found that:

- The case brought forward by Coast Auto Group/the non-CCAA parties bore no resemblance to the *Callidus* case,² which they purported to use as a model: Decision at paras 55-57, 85;
- Coast Auto Group/the non-CCAA parties failed to demonstrate the required due diligence by not having a "kernel" or a "germ" of a plan in place as part of their proposal to take over the CCAA proceeding: Decision at para 73;
- No recognized objective of the CCAA could be articulated to support the cross-application: Decision at paras 88-89;
- It is not necessary for Coast Auto Group/the non-CCAA parties as plaintiffs in the Founders' Action to shelter under the CCAA in order to advance the action: Decision at para 96.

[34] In the context of this costs application, I find that the opposition to the Monitor's application and the making of the cross-application was unusual, unreasonable, and unnecessary because:

- The purpose behind it was to benefit certain entities and individuals engaged in a deficiency dispute with BMO, not for a remedial purpose recognized under the CCAA.
- The proponents wanted control of the CCAA proceedings but did not propose an identified person as Monitor and had a concept but neither a proposal for funding nor a cash flow statement.
- The Monitor was required to apply for 4 additional stay periods in order to accommodate Coast Auto Group/the non-CCAA parties and their opposition to the main application and pursuance of the cross-application.
- BMO is already experiencing a \$16M shortfall as it is. Since BMO is funding this CCAA proceeding, it has been doubly penalized by the challenges posed by Coast Auto Group/the non-CCAA parties. BMO is paying for its own legal costs and the Monitor's legal costs to meet these challenges for no discernible benefit, as the Founders' lawsuit against BMO continues intact.

² *Arrangement relatif à 9354-9186 Québec inc (Bluberi Gaming Technologies Inc.) -and- Ernst & Young Inc*, 2018 QCCS 1040; *9354-9186 Québec Inc v Callidus Capital Corp*, 2020 SCC 10.

- Given the lack of support in the law and the failure by Coast Auto Group/the non-CCAA parties to show the basic due diligence required to maintain a CCAA proceeding, the cross-application had no chance of success.

[35] Furthermore, the steps taken by Coast Auto Group/the non-CCAA parties:

- adversely impacted the costs and timing of the winding down of the estate: **Canada North** at paras 10 & 11; and
- converted these proceedings from a forum for the exchange of views by stakeholders into a full-blown adversarial proceeding by Coast Auto Group/the non-CCAA parties against both BMO and the Monitor, per **Hudson's Bay** at paras 10 & 11.

[36] These proceedings have long since departed from being a collective forum for the exchange of ideas from among stakeholders. It was Coast Auto Group/the non-CCAA parties themselves that birthed the transformation to an adversarial proceeding. I wish to make it clear that stakeholders are entitled to question the information, opinions, reasoning and decisions of the Monitor and to make suggestions and propose changes to proposals made to the Court. The debtors would have a particular interest in doing so. Further, any stakeholder may do so in an aggressive manner that reflects self-interest. But that is not what happened here. Once Coast Auto Group/the non-CCAA parties evinced an intention to sue BMO (and the Monitor, although that was later dropped), the notion of a collective forum for the exchange of ideas evaporated and was turned into hammer-and-tong legal warfare within the CCAA proceeding. It was not necessary. The Founders' lawsuit carries on outside of the CCAA proceeding in the regular realm of civil litigation.

[37] Thus, there is a third reason why costs may be awarded in a CCAA proceeding. That is where the application or matter before the Court does nothing to advance the remedial objectives of the CCAA. In this case, the opposition to the monitor's application and the bringing of the cross-application was solely for the purpose of conferring tactical advantage and legal protections (not otherwise available) upon plaintiffs in a collateral legal action.

[38] The completion of the Court-approved sale transactions under the SISP had the effect of exhausting the purpose for which the CCAA proceeding was commenced in the first place. No CCAA objective remained to be achieved.

Did the Monitor 'Enter the Fray'?

[39] Coast Auto Group/the non-CCAA parties argue that the Monitor inappropriately descended into the arena and took an adversarial position. Citing **Essar Global**, they say the adversarial stance compromised the Monitor's role as an independent, impartial Court officer and thus should deprive the Monitor of costs.

[40] As cited, **Essar Global** at para 119 does stand for the proposition that:

Generally speaking, the monitor plays a neutral role in a CCAA proceeding. To the extent it takes positions, typically those positions should be in support of a restructuring purpose.

[41] However, it should be noted that the Ontario Court of Appeal in **Essar** acknowledged an exception to this general rule of impartiality when it allowed the Monitor to serve as complainant

in an oppression action against the debtor company's parent. The Court affirmed (at para 122) that the oppression action was necessary to effect the restructuring.

[42] In *YBM Magnex International Inc (Re)*, 2000 CanLII 28169 (AB QB), Paperny J (later JA) discussed the notion of a court-appointed Receiver being adversarial to a certain creditor such that the creditor sought to have the Receiver replaced. She comments at paras 86 & 87:

[86] There is no evidence that the Receiver here has preferred the interests of some groups of creditors over others. The Underwriters are contingent creditors who disapprove of or dislike certain of the Receiver's recent decisions, such as its application to court for release of the 3(o) Report and the Receiver's Counsel's disallowance of the Underwriters' proof of claim at this stage (pending review by an Independent Litigation Supervisor, if and when appointed). While the Underwriters may disagree with some of the Receiver's applications, or the outcome of them, that disagreement can hardly be taken as evidence of bias.

[87] A receiver is often obliged to make difficult decisions that are not universally accepted. Those decisions will naturally be unpopular in some quarters. If it were otherwise, there would rarely be contested court applications, as all potential stakeholders would have identical interests and agree on a mutually beneficial course of action. A court must presume that its receiver, as an officer of the court, acts properly and impartially, unless there is clear evidence to the contrary. Further, the Receiver has decided to bring applications for directions to the court, and left those decisions in the court's hands. It is difficult to suggest any preferential treatment by the Receiver when it is merely a request for court direction.

[43] In the case before me, it is apparent that the Monitor was required by its very role to take a position contrary to that of Coast Auto Group/the non-CCAA parties with regard to termination of the CCAA proceedings and the cross-application. The Monitor was trying to preserve the integrity of the CCAA proceeding and legislation. As stated, the purpose of the CCAA proceeding was spent and there was no discernible purpose under the CCAA to continue it. Second, the Monitor opposed continuation because there was no cash in the Estate and no concrete proposal before the Court to raise cash. The Monitor was obliged to protect the Estate from costs that would ultimately have to be borne by BMO as the creditor footing the bill. And it would be doing so to finance an action against itself.

[44] It should also be noted that the Monitor did not oppose the Founders pursuing a legal action against BMO. It only opposed the Founders doing so under the auspices of the existing CCAA proceeding.

[45] The Monitor at some point was required to apply to terminate CCAA proceedings. That point had been reached when the purpose of the proceeding had been satisfied and exhausted. Since there was no restructuring purpose whatsoever to the cross-application, it was understandable and consistent with the principles underlying the CCAA for the Monitor to adopt the position it did.

[46] The positions adopted by the Monitor in the application and cross-application, even if adversarial to Coast Auto Group/the non-CCAA parties, does not disentitle the Monitor to costs.

[47] Although not argued by the Monitor, I think it difficult for Coast Auto Group/the non-CCAA parties to complain that the Monitor is acting in an adversarial manner when on October

16, 2025 these parties proclaimed in open Court that they intended to sue BDO (in both its pre-Monitor and Monitor capacities) for wrongful conduct. While filed allegations with respect to the latter capacity did not materialize, the suggestion that an action might be in the offing with regard to the former capacity was still present in the re-hearing before me on April 27, 2026.

Arguments of Coast Auto Group/the non-CCAA parties

[48] Coast Auto Group/the non-CCAA parties contend that there was mixed success overall which should point to no or lower costs. In this regard, they say they consented to many forms of relief in the end and thus the need to argue those matters was allayed. They also say that their main objection to the termination application was the Monitor's request for authority to put Coast Auto Group into bankruptcy. As discussed in the Decision at paras 90-91, they feared that BMO would use bankruptcy to defeat the Founders' Claim. Coast Auto Group/the non-CCAA parties say they were successful in getting the Monitor to abandon this request and therein lies the mixed success.

[49] In actuality, the Monitor's reason for requesting authority to assign one or more of the debtors into bankruptcy was to effect the orderly wind down of defunct shell companies (having no assets) and to provide access to the *Wage Earner Protection Program Act (WEPPA)* for certain unpaid employees. In an effort to permit the main application to proceed on an uncontested basis, the Monitor proposed on March 13, 2026, that the CCAA Termination Order being sought delete the bankruptcy relief and substitute it with relief in the form of a *WEPPA* declaration. This was the form of CCAA Termination Order eventually granted by me.

[50] On the actual day of the hearing before me (the first hearing on April 17, 2026), counsel for Coast Auto Group/the non-CCAA parties did go through a list of matters (5 in number) that were not being consented to or not objected to. As it turned out, two of those matters were contested after the fact, requiring a re-hearing of those same matters on April 27, 2026, at which time I affirmed my earlier rulings in favour of the Monitor.

[51] So, while I agree that the April 17, 2026 hearing was shortened to some extent because of consents and that Coast Auto Group/the non-CCAA parties ultimately avoided bankruptcy relief being granted to the Monitor, a lengthy hearing was still required on April 17, 2026 and a follow-up hearing on April 27, 2026 to deal with the substance of the dispute.

[52] I do not accept the "mixed success" argument primarily because the bankruptcy relief was only one minor issue where the central dispute concerned a different and highly contested issue (termination or continuation of the CCAA proceeding).

[53] Furthermore, Coast Auto Group/the non-CCAA parties did not actually thwart BMO as far as bankruptcy is concerned. BMO remains an unsecured creditor of Coast Auto Group to the extent of \$16 million and could petition them into bankruptcy at any time. I made my observations about the use bankruptcy by BMO to neutralize the Founders' action in the Decision at para 92 and will say no more.

Summary of Analysis

[54] I summarize the entitlement analysis as follows:

- As a matter of practice in this province, the default position is that parties participating in a CCAA application each bear their own costs. However, there may be circumstances where the Court may exercise its discretion granted under

the *Rules of Court* and by inherent jurisdiction to award costs: ***Re San Francisco Gifts Ltd*** at para 53.

- The first of those circumstances may include where there are “unusual applications, unreasonable positions, unnecessary steps, or misconduct which impacts the timing or costs associated with winding up the estate”: ***Canada North Group Inc*** at para 10 & 11.
- Second, costs may also be awarded where the CCAA proceeding is converted from a “forum for stakeholder views to be brought forward, considered, and taken into account” to a “classic adversarial civil proceeding”: ***Hudson’s Bay*** at paras 10-11.
- The second point does not mean that stakeholders, particularly debtors, are precluded (upon fear of a costs award) from disagreeing with or challenging the Monitor’s actions and decisions, so long as there is purpose consistent with the CCAA’s objectives behind the opposition. Participants in a CCAA proceeding are entitled to have differing perspectives on which CCAA objectives are advanced and how they should be advanced, in any CCAA proceeding.³ But (and this is the third factor) where the application or matter before the Court does nothing to advance the remedial objectives of the CCAA or is intended only to advance an oblique purpose, then the Court might have reason to consider costs.
- Although not argued and not a factor here, conceivably lack of good faith under section 18.6(1) could result in a costs decision utilizing the authority of section 18.6(2).

[55] The above framework is non-exhaustive and non-conjunctive. It is within inherent discretion to consider and give weight to one or any combination of factors. The burden of persuasion rests with the party seeking the costs. The standard of proof is the normal civil standard of proof on a balance of probabilities: ***FH v McDougall***, 2008 SCC 53 at para 40.

[56] I should also acknowledge that it is not a one-way street. The authorities cited in para 11 of the ***Hudson’s Bay*** case speak to circumstances in which the Court may order costs payable by the Monitor out of the Estate on a failed application.

[57] All of the three factors enumerated above have been established by the Monitor or BMO on a balance of probabilities in this case. BMO had a separate interest from the Monitor in both the application and the cross-application and was a necessary party to the dispute. I conclude that BMO and the Monitor, out of the norm, are entitled to costs of the main application and the cross-application.

E. Scale

Principles

[58] The Court of Appeal decision in ***McAllister*** followed by ***Barkwell v McDonald***, 2023 ABCA 87 confirmed that:

³ See comments of Dunphy J in ***YG Limited Partnership and YSL Residences (Re)***, 2021 ONSC 5478 (CanLII) at paras 9 & 10.

- the Court has considerable discretion in setting “reasonable and proper costs” under Rule 10.31(1);
- A costs award need not be based on Schedule C, and Schedule C is not a mandated default method: **McAllister** at para 54; **Barkwell** at para 53, but
- Schedule C still has utility and “is used day in and day out by judges in a great variety of situations”: **McAllister** at para 58; **Barkwell** at para 53. Using Schedule C has the advantage of providing parties with greater certainty as to their exposure to costs; it is simple, efficient, and inexpensive to apply, and in many cases avoids the need for lengthy inquiries into and assessment of the appropriate level of costs: **McAllister** at paras 59-60, 62.
- The overall guiding principles remain those of proportionality and reasonableness: **Barkwell** at paras 57 & 58.

[59] I also have regard to these principles from recent costs caselaw:

- **McAllister** does not necessarily create a “new normal” or presumption of 40-50% indemnity for successful litigants. The costs assessment exercise remains inherently discretionary and contextual: **North v Davison**, 2024 ABKB 52; **Greco v Calgary (City)**, 2026 ABKB 153 at para 40.
- Schedule C may be appropriate for routine, high volume matters and a useful default in situations where there is a significant imbalance in power and means: **GG & HH Inc v 2306084 Alberta Ltd**, 2022 ABKB 834 at para 28.
- Full indemnity on the basis of a solicitor-client account is reserved for exceptional circumstances involving reprehensible, scandalous or outrageous conduct of litigation: **Vaillancourt v Carter**, 2024 ABCA 65 at para 28.
- Costs should not be assessed on an issue-by-issue basis but rather based on substantial success in the overall application: **AE v TE**, 2017 ABQB 674 at paras 6-8. (Refer to the “mixed success” discussion above.)
- A request for indemnity based on a percentage of solicitor and client fees must be justified by a consideration of the factors in Rules 10.2 and 10.33 relating to reasonableness: the importance of the issues, the circumstances of the client, the manner in which the services were provided, the skill and responsibility involved, complexity of the action, conduct of the parties, hourly rates and seniority of counsel, duration and intensity of proceedings, whether fees claimed are appropriate or excessive or disproportionate, and the outcomes: **Greco** at para 60.

Schedule C Not Applicable

[60] I cannot accede to the suggestion of Coast Auto Group/the non-CCAA parties that costs be based on Schedule C, Column 1, Item 8(1), for these reasons:

- As stated above, the manner of opposition to the termination and the bringing of the cross-application were unusual, unreasonable and unnecessary.
- Further, the cross-application was not grounded in law or in the required due diligence.

- The application (as it turned out) and the cross- application were not routine or of a high-volume nature; rather, they were complex matters, covered many different arguments and resulted in a 20 page written decision. This costs dispute has resulted in a further 19 page written decision.
- The proceedings were both adversarial and intense, as shown by 2 appearances before Harris J, one appearance before Little J, a litigation plan, written interrogatories and a questioning, a written decision by Harris J, a leave application before and written decision from Feehan JA, 2 appearances before me (including a rehash of matters already agreed to) and the written decision by me, all between December 3, 2025 and May 11, 2026, and now this decision.
- The issue of termination or continuation of the CCAA proceeding was of high importance to the Monitor, BMO and Coast Auto Group/the non-CCAA parties and required the involvement of senior counsel all around.

[61] Accordingly, I conclude that indemnity based on a percentage of the lawyer accounts rendered to BMO and the Monitor is called for here. The extent is guided by considerations of reasonableness and proportionality. As the Court of Appeal discussed in **Goldstick Estates (Re)**, 2019 ABCA 508 at paras 31-32, the proportionality analysis has two aspects:

- that costs should be proportional to the interests involved, and
- where there are residuary interests, the effect of awarding or not awarding costs on those interests.

[62] The magnitude of the interests involved in this action are considerable:

- The indebtedness owed by Coast Auto Group to BMO at the outset of the action exceeded \$36 million;
- The shortfall experienced by BMO after full realization of all assets of Coast Auto Group is in the area of \$16 million;
- The Founders' Claim seeks \$25 million in damages from BMO.

[63] Moreover, the issues were important to the parties. The Decision determined that this drawn-out CCAA proceeding could finally be terminated. It also determined whether Coast Auto Group/the non-CCAA parties could not pursue the Founders' Claim while sheltering under protection of the CCAA. These outcomes followed extended and intense written and oral argument.

[64] With regard to residuary interests, BMO finds itself in the unenviable position of paying two sets of legal costs, its own and those of the Monitor. Failure to recognize costs here would add considerably to BMO's shortfall position.

[65] Having regard to the overriding principle of reasonableness and proportionality, the level of indemnity should be in the range of the **McAllister** model of 40-50% of actual costs. In considering all of the factors, including the offer letter of March 13, 2026, I find that 50% is the appropriate percentage.

BMO's Request for Full Indemnity Costs

[66] I cannot say that Coast Auto Group/the non-CCAA parties acted in bad faith or engaged in reprehensible, scandalous or outrageous conduct in the course of litigation. I did find their position unmeritorious but that is not the same thing: ***Sivitilli v PesoRama Inc***, 2025 ABCA 198 at para 11, citing ***Goldstick Estates (Re)*** at para 24 and ***Young v Young***, 1993 CanLII 34 (SCC), [1993] 4 SCR 3 at p 134. Therefore, full indemnity is not available on that basis.

[67] BMO also argues that Coast Auto Group/the non-CCAA parties have obligations to pay BMO's full indemnity legal costs arising from previous Courts Orders in this proceeding and other contractual obligations, to wit:

- Reasonable fees and disbursements of the Monitor, the Monitor's legal counsel and BMO's own legal counsel in relation to the CCAA proceedings are required to be paid by the Coast Auto Group entities under the Initial Order (IO) and the Amended and Restated Order (ARIO) granted in these proceedings. The IO & ARIO only relate to Coast Auto Group companies. Those entities are insolvent and unable to respond to a costs award in any event. However, the three non-CCAA parties (Mr. Cheema, Mr. Parmar and Deerfoot Atria) are guarantors of the Coast Auto Group debt to BMO and any costs award presumably is added to the bill.
- Similarly, the Interim Financing Agreement of July 16, 2025 requires Coast Auto Group (and by extension, the Guarantors) to pay BMO (as Interim Lender) its "Interim Lender's Expenses" which include all expenses incurred in placing the interim financing facility and in connection with the CCAA proceedings and related court appearances.
- The Forbearance Agreement of January 10, 2025 and amendment of April 28, 2025 make all of Coast Auto Group/the non-CCAA parties liable for the BMO indebtedness (including full indemnity costs) as well as for the preparation and enforcement of the Forbearance Agreement itself.

[68] I appreciate that the Court Orders and contract documents described above do say what BMO's counsel says they say. Therefore, there is a *prima facie* case for full indemnity of at least BMO's legal costs. However, I also appreciate that Coast Auto Group/the non-CCAA parties allege in the Founders' Claim that various payment covenants in the contractual documents are not enforceable because of either breach on BMO's part, lack of good faith or other wrongful conduct. These contractual documents include the loan agreements. Further, the payment obligations contained in the Court Orders can only derive from previous contractual obligations.

[69] Thus far, I have taken pains to avoid commenting on or making findings in relation to the merits of the Founders' Claim. Those merits will ultimately be determined by the Judge tasked with making a final adjudication of the claim. I do not wish to inadvertently take away an argument from the Plaintiffs in the Founders' Claim nor inadvertently provide a defence to the Defendant by making a prior ruling. That is the same approach I took in delaying approval of the Monitor's Reports until it was confirmed that no claim had been made by the Founders against the Monitor by the deadline I set.

[70] Accordingly, I will determine the costs award in favour of BMO on grounds *other than* the full indemnity covenants found in contracts signed between BMO and Coast Auto Group/the

non-CCAA parties and the Court Orders based on any such contracts. It is up to the Judge deciding the Founders Claim on its merits whether any difference between the 50% that I have ordered in this costs ruling and full indemnity is recoverable by BMO.

F. Quantum

[71] Having determined entitlement to costs and that the appropriate scale is a 50% proportion of full indemnity, I now turn to quantum or the exact amount that should be awarded. Here, I take into account any arguments that relate to specific items that should be included or excluded, the reasonableness of the lawyer accounts rendered and any other adjustments that should be made or factors that affect the final number. In this regard, I will deal with these remaining arguments:

- The argument that the accounts rendered to the Monitor and BMO are too high (Coast Auto Group/non-CCAA parties);
- Whether all steps between December 3, 2025 and May 11, 2026 (including the trip to the Court of Appeal) should be included (Coast Auto Group/non-CCAA parties);
- The fact that costs were not sought earlier (Coast Auto Group/non-CCAA parties); and
- The argument that the accounts are uninformative (and should be reduced) because of redactions (Coast Auto Group/non-CCAA parties).

Accounts are “too high”

[72] As a general comment, I’ll note that the present exercise is quite different than that of approval of professional fees in the court-supervised insolvency context. In the pure insolvency context, the Court applies the “fair and reasonable” test as set in well-known cases such as **Winalta Inc (Re)**, 2011 ABQB 399 at paras 25-30 and **Bank of Nova Scotia v Diemer**, 2014 ONCA 851 at paras 33 & 45 as a measuring stick for court approval. Reviewing litigation costs for a costs award as between parties is a different process, but there is one feature that carries over in this case. That feature is the public nature of court-supervised insolvency proceedings: **Diemer** at para 41. The Court points out in **Winalta** at paras 27 & 29 that, in court-supervised insolvencies, the public is entitled to a high level of professional services and that such services come at a cost.

[73] Furthermore, the Monitor’s counsel is right when she says in her costs submissions that: “The Monitor is not a private litigant and has an obligation to recover amounts expended from the estate of the Coast Auto Group in respect of the litigation for the benefit of its creditors.”

[74] In this regard, costs awards are intended to be compensatory, not punitive: **Greco** at para 69.

[75] After nearly 10 years of hearing cases on the Commercial List and looking at many professional accounts, I have a sense of the cost of professional services in the insolvency marketplace. In a case of this complexity and importance, it is appropriate for experienced counsel with specialized expertise to carry the brief, on all sides. Moreover, BMO did not ask to assume more than a watching brief role in this CCAA proceeding – it was imposed when BMO was named as Respondent in the cross-application and became the target of the Founders’ Claim.

[76] Thus, I cannot agree that the legal accounts are simply too high.

What steps should be included?

[77] I agree with the position that only those costs associated with the Monitor's application and cross-application by the Coast Auto Group/non-CCAA parties are properly recoverable in a costs award. However, it appears to me that all of the litigation steps between December 3, 2025 and May 11, 2026 by all parties to the dispute were taken in furtherance thereof.

[78] I agree with the submission by the Coast Auto Group/non-CCAA parties that I cannot direct that costs be paid for the unsuccessful leave application in the Court of Appeal. However, Rule 14.88 governs costs awards in that Court. If costs are disputed for the leave application, I leave it with the parties to take up with the Court of Appeal.

[79] The Coast Auto Group/non-CCAA parties argue there should be discount for the normal CCAA steps that a Monitor has to take in any event. That would include applying for approval of activities and Reports, approval of releases, termination and discharge. The problem with the argument is that Coast Auto Group/ the non-CCAA parties *opposed* most of the forms of relief. They only relented on the day of the hearing (April 17, 2026) and continued to argue some of those points on April 27, 2026. They specifically opposed the most important facet of the Monitor's application, that being termination of the CCAA proceedings, and seeking continuation on their own behalf.

[80] They did consent to the discharge of the Monitor but wanted a substitute for a continued CCAA proceeding. However, no specific person or entity was proposed to serve as a substitute.

[81] In substance, the normal steps were opposed by Coast Auto Group/the non-CCAA parties. A discount for normal steps is not justified.

Costs not sought earlier

[82] To me, it does not matter that costs were not requested at earlier court appearances. There were two main applications before the Court, the Monitor's termination application and the cross-application brought by Coast Auto Group/the non-CCAA parties. All of the intervening steps taken were in service one or both of those applications, including BMO's security for costs application.

[83] Where the main application and cross-application are dealt with together as one contested matter, it is appropriate for the Court to deal with costs at the conclusion of the matter.

Redaction of accounts

[84] Coast Auto Group/the non-CCAA parties have a point about the redacted accounts. Where much detail has been blacked out, it is impossible to determine whether the costs are properly charged. In particular, one cannot tell if the services charged for relate to the two applications, or something else. That is not to say that there is any suspicion on my part about the propriety of any of the accounts, only that the party paying the accounts has the right to challenge quantum and seek an assessment: ***Kmech v Dorosh***, 2023 ABKB 457 at para 30 & ***Métis Nation of Alberta Association Local Council #63 v Alberta (Corporate Registry)***, 2024 ABKB 246 at para 11.

[85] Accordingly, if Coast Auto Group/the non-CCAA parties are unable to agree with either the Monitor or BMO as to the final amount payable to each as a result of this costs ruling, then any party is entitled to seek an assessment from the Assessment Officer under Rule 10.41. In that

event, the Assessment Officer will determine what information is required to be provided in relation to the redacted content and in what form.

G. Summary and Conclusion

[86] I summarize the results as follows:

- **Entitlement:** For the reasons discussed in Section D of this decision, both the Monitor and BMO are entitled to recover costs of the main application and the cross-application from Coast Auto Group/the non-CCAA parties, jointly and severally.
- **Scale:** For the reasons outlined in Section E of this decision, the scale of costs payable in each case is 50% of the actual legal fees incurred.
- **Quantum:** If the final amount of fees payable in each case cannot be agreed upon, then any party may seek an assessment (based on this decision) from the Assessment Officer under Rule 10.41. If required, the Assessment Officer will determine how to deal with the redactions.

[87] The Monitor and BMO are entitled to recover their actual reasonable disbursements, subject to assessment by the Assessment Officer.

[88] The \$100,000 ordered by Harris J to be deposited as security for costs in favour of BMO shall be released to BMO's counsel for application against the final amount of costs owing.

[89] I conclude by making it clear that this costs ruling is not intended to create a precedent whereby a Monitor or other court-appointed insolvency officer, and the creditor who supports that officer in a court application, are entitled to recover costs from the debtor, guarantor or other party who opposes or has a different idea for what the officer is trying to do. Unsuccessful challenges or opposition to the actions or decisions of a court-appointed insolvency officer should not attract costs if they are brought in good faith and in furtherance of the objectives of the underlying legislation, even where they exhibit self-interest. The threat of costs should not be wielded as a cudgel by the Monitor or secured creditor to compel the silence or submission of other stakeholders objecting to the Monitor's actions or decisions. The normal practice in court-supervised insolvency matters that each party bears her/his/its own costs remains the rule. In CCAA matters, the practice will ensure that the proceeding functions, as it should, as a forum for the exchange of stakeholder perspectives. Exceptions to this usual rule should occur only when the Court is satisfied on a balance of probabilities that one or more of extenuating circumstances outlined in para 54 of Section D is established.

Heard by way of written submissions dated June 10, 2026.

Dated at the City of Edmonton, Alberta this 3rd day of July, 2026.

Douglas R. Mah
J.C.K.B.A.

Appearances:

Scott Chimuk

Blue Rock Law LLP

for the Coast Auto Group & non-CCAA parties: Coast Automotive Group Inc, Coast North Vancouver Auto Sales Inc, Coast Auto Drayton Inc, 2461765 Alberta Ltd, Sundeep Cheema, Deepak Parmar, Harjot Randhawa and Deerfoot Atria Partners Ltd

Kelly Bourassa and Aryo Shalviri

Blake Cassels & Graydon LLP 14

for the Monitor, BDO Canada Limited

James W. Reid and Bryan A. Hosking

Miller Thomson LLP

for the Bank of Montreal

**Corrigendum of the Reasons for Decision
of
The Honourable Justice Douglas R. Mah**

The following corrections have been made:

- p 4, para 13: the BDO has now been corrected to read "BMO"; the reference to "Hudson's Bay" is now bolded and italicized; and CCAA is now italicized.
- p 8, para 34, second bullet: inserted "a" before the word "proposal".
- p 15, para 67, first bullet point, the word Agria is corrected to "Atria".
- p 16, para 17, fourth bullet point, the line should read "The argument that the accounts are uninformative "; also para 72, third line, replaced the "a" with "the".
- p 17, para 79, the CCA is now corrected to CCAA and italicized.
- P. 18, para 86 BDO is now corrected to BMO
- p 18, para 88, the "Haris" is now corrected to "Harris".
- Co-counsel, Bryan A. Hosking, has now been added to Page 19