

CITATION: Royal Bank of Canada v. 2309136 Ontario Inc., 2026 ONSC 4707
COURT FILE NO.: CL-25-00753582-0000
DATE: 20260814

**SUPERIOR COURT OF JUSTICE – ONTARIO
(COMMERCIAL LIST)**

RE: ROYAL BANK OF CANADA

AND

2309136 ONTARIO INC. and 2738400 ONTARIO INC.

**APPLICATION UNDER SUBSECTION 243(l) OF THE *BANKRUPTCY
AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C.43**

BEFORE: W.D. Black J.

COUNSEL: *Sanjeev P.R. Mitra and Shaun Parsons*, for the Applicant

Michael Crampton and Chit Leung, for the Respondents, 2309136 Ontario Inc.
and 2738400 Ontario Inc.

George Benchetrit, for the Receiver, Fuller Landau Group Inc.

R. Brendan Bissell and C. Hunt, for the Third Parties, 1001557980 Ontario Inc.,
100124619 Ontario Inc., 1001242548 Ontario Ltd., and 100426764 Ontario Inc.

HEARD: August 10, 2026

ENDORSEMENT

Overview and Conclusions

[1] This matter, in large part, represents a further iteration and variation of the contest that arises from time to time on this list, between a debtor’s right of redemption and a receiver’s ability to close a concluded agreement for the sale of property.

[2] The dispute between receiver and redemption cuts across and animates the two motions before me, being:

- (1) the Receiver's motion for an AVO (in this endorsement I will use these and other terms as defined in the parties' materials) in respect of a proposed Transaction contemplated by the APS dated June 30, 2026 between the Receiver as seller and the Assignee (1001557980 Ontario Inc.) as purchaser; and
- (2) the respondent Debtor's motion seeking to redeem or otherwise repay the debt assigned by RBC to the Assignee and to discharge the Receiver from its court-appointed role.

[3] The familiar fight between the right of redemption on one hand and the sale proposed by the Receiver on the other is complicated here, by virtue of the fact that the Assignee is the purchaser proposed by the Receiver, and, in particular, because there is a battle raging in parallel between the Debtors and the Assignee— and being played out in this court in Chatham – over title to real properties in Ridgetown, Ontario owned by companies related to the Debtors but not covered by the Receivership.

[4] During the course of their respective submissions, each side accused the other of using the Receivership, and today's motions, to “steal a march” relative to the Ridgetown Properties. It seems clear that each side covets the Ridgetown Properties, and that these properties are the “jewels” among the assets at issue here. It seems that pursuit of these Ridgetown assets is what is driving the surficial contest between the right of redemption and the Receiver's proposed sale.

[5] Having reviewed the materials filed, and having heard the submissions of counsel, I find that the Debtors fall short of the clear and concise evidence required to justify allowing a redemption in the face of a sale proposed by a court-appointed receiver following a court-ordered sale process. I have determined that the Receiver's proposed sale should proceed.

The Respondents and Their Financial Difficulties

[6] Among the Debtor companies, Indo-Canadian operated a trucking and logistics business. I should note that the Debtors' materials and submissions put that operation in the present tense, i.e., saying that Indo-Canadian “operates” a trucking and logistics business. However, as confirmed by the Receiver and acknowledged by counsel for the Debtors, Indo-Canadian has not in fact operated since sometime in February or early March of this year. The Debtors purport to seek the relief they do in part so that they can resume operations, but given that the trucking business has been fallow for 5-6 months, it is not clear that a revival of that business, at least any time soon, is realistic.

[7] 273, one of the Respondent Debtors, owns the Steeles Avenue Property that was used by Indo-Canadian in its operations.

[8] The Debtors emphasize that their financial difficulties arose due to the investments made by 278 and 283, each related to the Debtor companies, in the Ridgetown Properties, which investments were cross-guaranteed by the Debtors. The Debtors say that in this context, rising interest rates and failed attempts to sell the Ridgetown Properties compounded the financial

challenges, and led to discussions with the Dass Group – related to the Assignee – about the Dass Group potentially purchasing the Ridgetown Properties.

[9] Following a demand on the Respondents by RBC in August of 2025 relative to the loans that were cross-collateralized, 278 and 283 entered into agreements of purchase and sale for the Ridgetown Properties (and another property in Strathroy, Ontario not subject to a mortgage in favour of RBC) with parties related to the Assignee. Those proposed transactions began as share purchases of the companies that owned the real estate assets in question, but were restructured as asset purchase transactions once the purchasers learned of the extent of debts owing on the properties.

[10] The intended closings of these transactions on September 15, 2025, did not occur, because RBC refused at that time to allow partial discharges for the two Ridgetown Properties without payment of the entire debt owing, which at that point stood at about \$10.2 million.

[11] The vendors had, by that point, given possession of the properties in question to the purchasers in the May and June period of 2025. Despite not yet having title, and to the knowledge of the vendors and their principal Mr. Chauser, the purchasers began significant renovation and restructuring work for the gas station and motel properties.

The Receivership Order

[12] By the Receivership Order dated February 23, 2026, the Receiver was appointed on RBC's application. I note that there was no opposition by the Debtors to that Receivership Order.

[13] There was partial opposition at that time by companies related to the Assignee, which had agreements of purchase and sale for the Ridgetown Properties owned by 278 and 283. It was a result of that opposition that the Receiver's appointment did not cover the Ridgetown Properties.

The Assignee Acquires RBC's Interest

[14] That in turn led, on April 9, 2026, to the Assignee paying out and taking an assignment of RBC's interests, for the express stated purpose of permitting the purchases of the Ridgetown Properties (by parties related to the Assignee) to proceed.

[15] Again, as the Assignee emphasizes before me, the Debtors, although represented throughout by (prior) counsel, took no position relative to the Assignee's transparent maneuvering to acquire the Ridgetown Properties.

The Court-Ordered Sale Process

[16] Following the assignment of the RBC debt, the Receiver, on May 11, 2026, sought and this court granted an order authorizing a sale process, calling for offers by June 30, 2026, for the Steeles Property.

The Parallel Dispute Over the Ridgetown Properties

[17] In parallel, the dispute over the Ridgetown Properties was surfacing. In particular, there was a disagreement about whether or not the Respondents would continue with their agreements to sell the Ridgetown Properties to the companies – related to the Assignee – who sought to purchase them.

[18] In that context, one of the would-be purchasers, which as set out above, had made substantial improvements to the Ridgetown Properties in anticipation of closing, registered a lien in this court in Chatham, which was challenged by the Respondents.

[19] I should note, because it features in the argument of the Assignee relative to the equities of the situation before me, that in an escalation of the dispute over the lien, Mr. Chauser, the principal of the Respondents, apparently showed up at the Ridgetown site and threatened parties present at the property with a firearm (for which Mr. Chauser has now been charged criminally).

[20] I also note that when the Respondents commenced the motion before me seeking to compel the payout of the assigned RBC loan and security, the purchasers of the Ridgetown Properties themselves commenced a new proceeding in Chatham seeking to compel specific performance of the purchase and sale agreements and to seek injunctive relief pending the determination of that claim. The Chatham court – Justice Hebner, whose decision was put before me – granted the order sought, including CPLs and restraining further dealings by the Respondents with those properties, including encumbrances. Her Honour was made aware of and specifically referenced these Commercial List proceedings.

First Indication that Debtors Might Seek Redemption

[21] The Respondents first asked the Assignee for a payout statement in June of this year.

[22] The Assignee points out that no explanation is offered as to why the Respondents did not seek to redeem the RBC debt earlier in the proceeding, nor to express any opposition to the Assignee doing so.

[23] The Assignee acknowledges that it initially refused to provide a payout statement prior to the completion of the sale process in the Receivership, because part of that process involved a credit bid by the Assignee.

[24] The Assignee underlines that once that bid was successful – the Assignee’s bid was chosen among 11 offers received by the bid deadline - it provided a partial payout statement, which accounted for the entities subject to the Receivership, but not for the Ridgetown Properties and assets, owing to the ongoing dispute over those properties and assets unfolding in Chatham.

[25] The Assignee observes that, upon receipt of the partial payout statement, the Respondents “could have resolved the sale of the Receivership assets then and there without affecting the Ridgetown properties, but chose not to.”

[26] The Assignee emphasizes that the Respondents were represented by counsel throughout the receivership proceeding, and did not oppose, seek to stay, nor participate in the sale process.

Moreover, as confirmed in their own evidence, the Respondents did not request a payout statement from the Assignee until June 12, 2026, after the sale process had been approved and while it was underway.

[27] At a case conference on July 13, Dietrich J. directed the Assignee to provide a statement for the entire debt and security package assigned from RBC, but without prejudice to the Assignee's position on whether or not a payout could be compelled. The Assignee provided this statement on July 16.

[28] The Assignee notes that when today's motion was initially commenced by the Respondents it was solely seeking to compel a redemption of the assigned RBC debt and security. However, when the responding materials of the Assignee raised the issue of priority payables, including notably a CRA claim for HST owing in the amount of over \$6.9 million, the Respondents have now added, as alternative relief, an assignment to their new lender (about which more below) or to Mr. Chauser as a possible payor under guarantees that he gave to RBC. The Respondents explicitly confirm that these additional potential mechanisms to obtain the relief sought are intended to avoid the lender liability concerns identified by the Assignee.

[29] Apart from this modification of the Respondents' motion, the primary basis of that motion is the assertion that they are able to pay the full amounts owing under the assigned RBC debt.

[30] There is a longstanding thread of caselaw attesting to the virtually sacrosanct nature of a debtor's right to redeem.

Caselaw Concerning Redemption Versus Court-Ordered Sale

[31] In Canada, the height of the expression of this notion is probably as found in the Supreme Court of Canada's decision in *Petranik v. Dale* [1977] 2 SCR 959. Justice Dickson (as he then was), concluded his concurring decision by "reiterating that an equity of redemption is an interest in land, which the mortgagor can convey, devise, settle, lease or mortgage like any other interest in land...and that equity has always jealously guarded the mortgagor's right to redeem." (See also *Textron Financial Canada Limited v. Chetwynd Motels Ltd.*, 2010 BCSC 477 (CanLII) quoting *Devany v. Brackpool*, 1981 CanLII 679 (BCSC).

[32] There has been a growing recognition, however, presumably arising from the increased frequency in recent years of court-ordered sale processes within receiverships and other court-supervised proceedings, that the court should, in considering a request by an encumbrancer to redeem a mortgage on property in a receivership, weigh the impact that allowing the encumbrancer to exercise its right of redemption would have on the integrity of a court-approved sale process.

[33] The Court of Appeal for Ontario made this very point in its recent decision in *Rose-Isli Corp. v. Smith*, 2023 ONCA 548, and added that:

“ - Usually, if a court-approved sales process has been carried out in a manner consistent with the principles set out in *Royal Bank of Canada v. Soundair Corp.*, (1991) 1991 CanLII 2727 (ON CA), a court should not permit a latter attempt to

redeem to interfere with the completion of the sales process. In our view, the reason the *Soundair* principles apply to circumstances where an encumbrancer seeks to redeem a mortgage is that once the court's process has been invoked to supervise the sale of assets under receivership, the process must take into consideration all affected economic interests in the properties in question, not just those of one creditor; and

- In dealing with the matter, a court should engage in a balancing analysis of the right to redeem against the impact on the integrity of the court-approved receivership process."

[34] The Court of Appeal went on to "adopt the rationale for those guiding principles" as articulated in the decision of Pepall, J. (as she then was) in *B & M Handelman Investments Limited v. Mass Properties Inc.* (2009) 2009 CanLII 37930 (ON SC) in which Her Honour wrote:

"A mockery would be made of the practice and procedures relating to receivership sales if redemption were permitted at this stage of the proceedings. A receiver would spend time and money securing an agreement of purchase and sale that was, as is common place, subject to Court approval, and for the benefit of all stakeholders, only for there to be a redemption by a mortgagee at the last minute. This could act as a potential chill on securing the best offer and be to the overall detriment of stakeholders."

[35] A couple of important analytical factors can be distilled from the cases that have engaged in the balancing exercise directed by the Court of Appeal for Ontario in this context.

[36] First, the timing of the purported exercise of the putative right to redeem matters.

[37] That is, generally speaking, the longer the encumbrancer waits to assert its right of redemption in the context of an ongoing court-supervised proceeding, and correspondingly the more time and resources that have been devoted to the court-ordered sale process, the greater the impact of the proposed redemption on the integrity of the court process and the greater the potential detrimental impact on overall value for stakeholders.

[38] The party seeking to redeem cannot lie in the weeds and enter the fray only at the last minute; rather, it is expected to announce and begin to act on its intentions as early as reasonably practicable.

[39] In connection with this aspect of the analysis, the Debtors rely on Koehnen J.'s decision in *BCIMC Construction Fund Corporation v. The Clover on Yonge Inc.*, 2020 ONSC 3659. However, the particular facts of that case in fact underline the need for expedition and early declaration of intention. That is, in that case Koehnen J. emphasized, among other considerations, that the debtor had sought to redeem before the proposed SISP had been approved, run, or resulted in a binding agreement. His Honour in fact expressly recognized that different considerations would arise at the sale-approval stage (para. 36).

[40] Second, the caselaw is clear that, in order for a putative right of redemption even to be considered in the context of an ongoing court-ordered sale process, the would-be redeemer is obliged to show up with “cash in hand” – described in some cases as showing up “with a cheque” – and without any uncertainty as to the debtor’s ability not only to pay out the debt but to do so immediately and unconditionally.

[41] In the Court of Appeal for Ontario’s decision in *Reciprocal Opportunities Incorporated v. Sikh Lehar International Organization et al*, 2018 ONCA 713, for example, the court held that a court in these circumstances must determine whether the proposed lender or assignee is ready, willing and able to close or if conditions remain outstanding, whether the transaction can proceed without delay, how it affects other creditors, and whether replacing the existing creditor would merely delay the inevitable.

[42] To similar effect and more pointedly, in the recent Court of Appeal for Ontario decision in *Cameron Stephens Mortgage Capital Ltd. v. Spotlight on Lawrence Inc.*, 2025 ONCA 374 (“*Spotlight*”), Dawe J.A. wrote:

“In order even to consider an extremely late-breaking proposal to exercise the equity of redemption in the face of a Transaction that has been fully negotiated and executed and ready to close, the party seeking to redeem must turn up with ‘cash in hand’, i.e. must be ready to fully redeem the mortgage(s) on the property at issue.”

Application of Caselaw to the Facts Here

[43] In my view, the Debtors here fall short of the mark on both aspects of the analysis.

[44] On the timing front, the Receiver was appointed in February of this year, the assignment occurred in April. The Sale Process was approved by this court in May and conducted through June.

[45] The Debtors did not oppose the Sale Process Order, participate through a funded proposal, or seek a stay before (multiple) bidders incurred the time and expense of submitting offers. While they requested a payout statement, they did not do so until June 12, and at no point before now did they clearly articulate an intention to seek to redeem.

[46] By waiting silently until after the Receiver has completed the Sale Process, had identified the successful bidder, and had executed an agreement of purchase and sale, the Debtors here have created the very conditions that the Court of Appeal has warned risk making a “mockery” of receivership sale procedures.

[47] Moreover, and contrary to the guidance set out by Dawe JA in *Spotlight*, the Debtors have not, in the scenario in which their own delay has engendered the threat to the integrity of the process, arrived with an impeccable and unconditional bid, i.e. clearly with ‘cash in hand.’

Concerns About the Commitment Letter

[48] Instead, the Debtors have provided a commitment letter and somewhat qualified evidence of funds held in trust.

[49] The commitment letter is redacted, omitting the identity of the lender. The Debtors explain that omission as somehow being necessary to protect their position relative to the dispute over the Ridgetown Properties. They offered, at the hearing of the motion, to send to me an unredacted copy of the commitment letter to confirm that the commitment is in earnest.

[50] In my view, consistent with the need for evidence of unqualified and immediate funding, the court should not have to indulge and engage in “cloak and dagger” arrangements to test the bona fides of proposed financing arrangements, and the Assignee, too, should be entitled to know and to make submissions about the proposed financier.

[51] Frankly, the identity and pedigree of the lender may prove to be important. The nature of the redacted commitment letter allows one to conclude that the lender is not a large bank; while that in and of itself is not definitive, it renders the value of the lender’s representations at least somewhat uncertain.

[52] Were that the only concern with the purported commitment, I might have been prepared, notwithstanding my view that providing only a redacted version of the commitment letter is out of keeping with the full transparency demanded of a party seeking to redeem, nonetheless to receive and consider the unredacted version on offer.

[53] However, there are other concerns about the suggested financing commitment.

[54] For example, the redacted commitment letter recites at the outset that the financing is upon “the terms and conditions set out in this Commitment and the definitive Loan Documents.”

[55] While the redacted commitment letter has been provided, the “definitive Loan Documents” have not. I am advised that these and multiple other documents were sought in a recent exchange of written interrogatories but have not been provided. In their absence, it is speculative as to what other conditions may reside in those materials.

[56] As the Assignee points out, the redacted commitment letter also requires registration of security against various properties, including the Ridgetown Properties. Such proposed registration appears to be at odds with and prohibited by the order of Hebler J. referred to in paragraph 19 above. It is not clear whether the commitment is valid without security relative to those properties.

[57] The Assignee’s concerns about the redacted commitment letter are perhaps most pronounced in relation to section 11 of the document, under the heading “Lender’s Right to Purchase/Right of First Refusal.”

[58] As the heading foretells, section 11 purports to give the lender the right, at its option and, in fairness, subject to applicable law and any required approvals, “to purchase the Properties or

exercise a right of first refusal at a purchase price equal to the outstanding principal, accrued interest, Breakage Costs, enforcement costs and all other Indebtedness then owing.”

[59] Among other concerns, the Assignee says that this ability for the lender to purchase the properties – including the Ridgetown Properties – wholly undermines the Assignee’s position in the Chatham litigation

[60] The Assignee suspects that there is a relationship between the lender and the Debtors, and that the commitment letter, whatever else it may be, is a kind of Trojan Horse, within which section 11 lies in wait. Counsel for the Debtors denies such intent, and emphasizes the “subject to applicable law and any required approval” language as constituting reassurance for the Assignee, but the right to purchase language does raise concerns about the real purpose of the commitment letter.

[61] The Assignee’s suspicions are deepened by the suggestion by the Debtors that the proceeds of the commitment letter will be used, in large part, to permit the Debtors’ dormant trucking business to be resuscitated. As noted, that business has not operated since sometime in February or March. The representative of the Receiver who was in the courtroom for the hearing advised that, given that the business was already in turmoil and insolvent as of that time, and given that its employees have necessarily gone on to other pursuits, the revival proposition seems unrealistic.

Concerns About the Lawyer’s Letter re Funds Held in Trust

[62] Turning back to the evidence as to the availability of funds – whatever their intended purpose – the other piece of evidence adduced by the Debtors to show their readiness to redeem is a letter from a law firm confirming that it holds funds in trust.

[63] As pointed out by counsel for the Assignee, the language of that letter is not as precise as might be expected in the circumstances. That is, the letter says that the firm is “now holding a total amount of \$13.5M in trust in furtherance of the redemption amount(s) owing by the debtor, subject to the Court’s approval of same.” Counsel submits, and I agree, that the “in furtherance of the redemption amount” language is odd and imprecise.

[64] Ultimately, as the case law reviewed above confirms, the readiness to redeem must be clean and clear. Even if the Debtors could point to a track record of a clearly articulated and abiding intention to redeem – which in my view they do not and cannot – the redacted commitment letter is at best cloudy, open to interpretation and perhaps suspicion, and does not qualify as the “cash on the barrel head” necessary in these circumstances.

[65] Given the very late announcement of the Debtors of their wish to redeem, by which time an extensive and costly process had run its course, and given the uncertainty about the commitment letter, both in terms of its real intent and in any event in terms of whether or not it proves that cash is immediately at hand for use in redemption, I am not prepared to grant the relief sought by the Debtors.

“Clean Hands” Issue

[66] I should note in passing that the Assignee also argues, in addition to the positions discussed above, that the Respondents have a “clean hands” problem.

[67] They note, again, that the Respondents have failed or refused to provide materially responsive answers to the Assignee’s written interrogatories. More particularly, they emphasize Mr. Chauser’s attendance at the Ridgetown Properties while brandishing a firearm and threatening those present. I do have concerns about this conduct, but having regard to my conclusions above, I need not consider whether the proposed redemption should also be disallowed on the basis of equitable considerations.

Approval of the Receiver’s Recommended Transaction

[68] Given my rejection of the proposed redemption and given that I find the proposed Transaction by the Receiver to be reasonable and appropriate (and to meet the *Soundair* factors), I am prepared to grant the two orders sought by the Receiver.

Next Steps

[69] Counsel advised that, if that were the result, they would wish to consider and confirm the contents of the proposed orders to reflect that relief.

[70] Accordingly, counsel may confer and, once final forms of the orders are agreed, they may provide them to the court for my review.

[71] If necessary, we may convene a brief further hearing for that purpose (but in that regard I should advise counsel that I am not sitting during the weeks of August 17 and 24, so that any such hearing would have to await my return).

W.D. BLACK J.

DATE: August 14, 2026