

Court File No. CV-25-00001143

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

**ROYAL BANK OF CANADA**

Applicant

- and -

**DIXIE CHRYSLER LTD.**

Respondent

**APPLICATION UNDER SUBSECTION 243(1) 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, AS AMENDED**

**RESPONDING AFFIDAVIT OF HUGH BRENNAN**

I, Hugh Brennan, of the City of Toronto, in the Province of Ontario, MAKE OATH AND  
SAY AS FOLLOWS:

1. I am the President and sole director of Dixie Chrysler Ltd. ("**Dixie Chrysler**") and, as such, have personal knowledge of the matters to which I hereinafter depose except where I have otherwise indicated and in which case I verily believe the facts deposed to be true.
2. I file this affidavit in response to the application of Royal Bank of Canada ("**RBC**" or the "**Bank**"), including the affidavit of Barry Mutis sworn February 28, 2025 (the "**Mutis Affidavit**"), seeking the appointment of Zeifman Partners Inc. ("**Zeifmans**") as receiver (the "**Receiver**") over the property of Dixie Chrysler.

## **Background**

### ***The History of Dixie Chrysler***

3. Dixie Chrysler was established in 1986 by my father, Mark Brennan, and a business partner as a brand new location for a Chrysler Plymouth franchise. Prior to founding Dixie Chrysler, my father was already an established automotive dealer in the Mississauga area.
4. I joined the team at Dixie Chrysler full time after graduating from university and quickly became a sales manager at 23 years of age. In and around 1992/1993, my father began searching for another dealership and eventually settled on a dealership in Toronto, Rumble Pontiac Buick, which was rebranded Brennan Pontiac Buick and my father moved to working at the Toronto dealership full time.
5. Shortly thereafter, I was approved to become the dealer principal at Dixie Chrysler at 27 years of age which, at the time, made me the youngest dealer principal in Canada.
6. During the period of 1993 to 2008, Dixie Chrysler was tremendously successful, operating as one of Canada's highest-volume automotive dealerships, winning numerous accolades and becoming highly recognized throughout the automotive sales industry. Further in that regard, I joined the board of the Ontario Motor Dealers Association, rising to the role of Secretary Treasurer. In 2006, I won the President Club award given to the top 20 volume dealers in all of Canada and was subsequently appointed to the President's Advisory Council as one of a small group of automotive dealers who reported directly to the President of Chrysler Canada.
7. I remained on the President's Advisory Council throughout the 2008 financial crisis which saw Chrysler commence Chapter 11 restructuring proceedings in the United States and continued on the council for a number of years helping steer policy and general dealership stewardship issues for the approximately 450 Chrysler automotive dealers across Canada.
8. Dixie Chrysler and RBC's relationship came about with RBC's acquisition of the Canadian automobile finance and deposit business of Ally Financial Inc. in and around 2012/2013.

From 2013 to 2023, Dixie Chrysler remained a strong automotive dealer and performed very well financially throughout the aforementioned period.

***The Onset of Dixie Chrysler's Financial Difficulties***

9. My father, who had returned to Dixie Chrysler in an advisory role after the 2008 financial crisis and remained a part owner of the dealership, passed away in August 2022 after a recurrence of liver cancer and being diagnosed with melanoma. Even prior to my dad's passing, my own health had begun to deteriorate and it began to do so rapidly during the fall and winter of 2022 but no cause was diagnosed until February 2023 when I was admitted to North York General Hospital, was intubated and spent approximately three weeks in the hospital's intensive care unit. After being sent home under the hospital's remote patient monitoring program, it was confirmed that I had adult onset Pompe Disease A, a rare genetic disorder which causes muscle weakness and other problems.
10. In June 2023, I commenced bi-weekly infusion treatments on account of my medical condition, treatments which I continue to the present day. I was discharged from the hospital's care in July 2023, however given my condition, I was unable to come back to work at Dixie Chrysler on a full-time basis until October 2023.
11. During the period that I was away from the dealership, Chrysler invoiced and shipped to Dixie Chrysler numerous high-priced and oddly equipped vehicles that were financed by RBC. With interest rates increasing, the interest payable by Dixie Chrysler under its floor plan facility with RBC increased from \$118,000 in 2021 to \$818,000 in 2023 on account of millions of dollars in slow-moving units that had been shipped to the dealership by Chrysler.
12. In early 2024, it became clear that Dixie Chrysler had a serious inventory problem and the aforementioned slow-moving units needed to be moved as soon as possible. As efforts were made to sell older units in Dixie Chrysler's inventory, RBC's practice of curtailing Dixie Chrysler's inventory (meaning that it required Dixie Chrysler to repay a percentage of the loan amounts related to older units so as to bring the loan amount in line with the

decrease in value of those units) began to create significant issues for Dixie Chrysler's financial affairs as the curtailments sometimes amounted to over \$200,000 per month.

13. By the spring of 2024, Dixie Chrysler was forced to sell older inventory at substantial losses to offset the curtailment amounts and to preserve cash for its operations. However, as set out below, by the fall of 2024, this simply became untenable for Dixie Chrysler from a financial perspective.
14. During the spring of 2024, Dixie Chrysler's account manager at RBC asked that the dealership keep an eye on its loan facility covenants given that the dealership's inventory was very high, however, there was no indication that RBC was worried about Dixie Chrysler's financial affairs and that the high inventory was nothing more than an aberration that would soon be rectified.
15. Exacerbating the inventory issues that it was dealing with in early 2024, Dixie Chrysler, along with thousands of other automotive dealerships across North America, were impacted by the CDK Global ransomware attack during the summer of 2024 which crippled the proprietary software utilized by dealerships across the continent for everything from scheduling to sales and orders.
16. In August 2024, I raised my concerns with Dixie Chrysler's account manager at RBC regarding the curtailments that were being required by the Bank as I could foresee that those sizable payments were going to cause problems for Dixie Chrysler's cash flows given the ongoing difficulties being experienced by the dealership in moving some of its older inventory. Nevertheless, I was never advised by Dixie Chrysler's account manager with RBC that the Bank had serious concerns about Dixie Chrysler's financial affairs or that it had any concerns regarding the Bank's ongoing lender relationship with Dixie Chrysler.
17. By September/October 2024, the curtailment payments continued but not having ordered much in the way of new inventory, which inventory would have been easier to move, Dixie Chrysler began to suffer substantial losses as it continued to struggle to move its older inventory. In October 2024, Chrysler finally put rebates and incentives on its 2024 product which lowered prices and finally relieved the backlog of Dixie Chrysler's older inventory.

18. In November 2024, I attended a lunch meeting along with Dixie Chrysler's controller, its RBC account manager and James Sliter, Vice-President – Automotive Finance for the Greater Toronto Region with RBC. At that meeting we discussed Dixie Chrysler's performance during 2024 as RBC has certain retail service levels (Gold, Silver, Bronze) and Dixie Chrysler had achieved the highest level every month of the year to that point with the exception of one month where it attained the second highest level. I did not leave the meeting with the impression that RBC was looking to exit its long-standing relationship with Dixie Chrysler.
19. On or about January 10, 2025, I spoke to James Sliter, Vice President – Automotive Finance for the Greater Toronto Region with RBC, regarding Dixie Chrysler's credit needs under its existing floor plan facility with RBC. We agreed upon a credit limit on the floor plan facility of \$11,000,000 which was substantially lower than the \$17,000,000 in credit that Dixie Chrysler had in place at that time. However, later that day, I was copied on an email from Rathees Anthires, Dealer Services Manager – Automotive Finance with RBC, to Stellantis Canada ("**Stellantis**"), the owner of the Chrysler brand and the party from whom Dixie Chrysler purchased its inventory, advising Stellantis that *any* automobile purchases by Dixie Chrysler from Stellantis were subject to RBC's prior approval going forward.
20. I immediately reached out to Mr. Sliter as I thought Dixie Chrysler's agreement with the Bank was that its floor plan facility would be capped at \$11,000,000 but the dealership would still be able to acquire new inventory. However, based on the email correspondence from Mr. Anthires, it appeared that Dixie Chrysler would not be permitted to acquire any new inventory.
21. I was still of the belief based on Dixie Chrysler's long-standing relationship with RBC that, while 2024 had been a very difficult year for the dealership financially, the Bank was still supportive of the dealership and wished to maintain their relationship. As a result, I was very surprised and disappointed when on January 10, 2025, I was advised by Mr. Sliter that Dixie Chrysler's relationship with the Bank would be handled by its special loans group

going forward and that the Bank would provide Dixie Chrysler with a “90 day letter” which would provide the dealership with time to find another lender.

22. Notwithstanding Mr. Sliter’s statement that Dixie Chrysler would receive a “90 day letter” and the corresponding time to find another lender, I was advised by Mr. Mutis that RBC was not prepared to grant Dixie Chrysler an extended period of time to explore refinancing options. However, the Bank was prepared to hold off on issuing a formal demand under the *Bankruptcy and Insolvency Act* (“**BIA**”) if Zeifmans was engaged by RBC, at Dixie Chrysler’s expense, to review and monitor Dixie Chrysler’s financial affairs.
23. I agreed to Zeifmans’ engagement by RBC pursuant to the terms of an engagement letter dated January 20, 2025. Attached hereto as Exhibit “A” is a copy of the Zeifmans engagement letter with RBC.
24. In accordance with the engagement letter, information requested by Zeifmans was provided by both Dixie Chrysler and its accounting firm, Truster Zweig Raithatha LLP (“**TZR**”). Given Dixie Chrysler’s long-standing relationship with RBC and its familiarity with its business, I believed that cooperating with Zeifmans in its review and monitoring of Dixie Chrysler’s financial affairs and being transparent with the Bank would provide Dixie Chrysler with the time necessary to provide it with options, whether in the form of a refinancing transaction or a sale/investment transaction, that would see RBC’s indebtedness repaid in a timeframe acceptable to the Bank.
25. Representatives from Zeifmans attended at the dealership on or about January 28, 2025 to conduct a walk through and site study of Dixie Chrysler’s facility. They requested that a cash flow forecast be prepared by Dixie Chrysler and it was agreed that it would be done by the close of business on February 11, 2025.
26. I spoke to a representative of Zeifmans on February 10, 2025 inquiring as to the status of the cash flow forecast and I advised that, as agreed upon, the cash flow forecast would be provided to Zeifmans the following day, February 11, 2025.
27. Needless to say I was very surprised when a formal demand for repayment of RBC’s indebtedness (the “**Demand**”), along with notice of RBC’s intention to enforce its security

under the BIA, was issued to Dixie Chrysler that same day, less than two weeks after agreeing to have Zeifmans review and monitor its financial affairs and before the cash flow forecast could be sent.

28. During the interim period between agreeing to the Zeifmans engagement and the date that the Demand was issued, I had received no indication from RBC or Zeifmans that there were any concerns arising out of its review of the information provided to it by Dixie Chrysler or TZR. I am advised by Brian Lusthaus, a partner with TZR, that no concerns were brought to his attention as well.

***Dixie Chrysler's Efforts to Find a Potential Purchaser***

29. Contrary to the Mutis Affidavit which states that RBC's counsel was advised on January 28, 2025 that Dixie Chrysler had consulted Albert Gelman Inc. ("AGI"), following the expiry of the 10 day period under the BIA notice included with the Demand, the Demand was only dated February 11, 2025 and it was on that date that AGI was first consulted.
30. Dixie Chrysler formally engaged AGI shortly thereafter to consider its options going forward in light of the Demand, including whether it would be feasible to refinance the RBC debt, whether a sale/investment transaction was the better path forward and the likely timing should either option be pursued by Dixie Chrysler.
31. On March 3, 2025, Dixie Chrysler was served with RBC's application record seeking the appointment of the Receiver. On that same date, I attended a call with TZR, AGI and Danny Nunes, insolvency counsel with Capstone Legal who was subsequently retained by Dixie Chrysler, to discuss Dixie Chrysler's options going forward in light of the receivership application.
32. It was determined at that time that the option most likely to yield the result of repayment of RBC's indebtedness was a sale transaction for Dixie Chrysler's business. Given my extensive experience in the automotive dealership industry, I was aware of and had contacts with brokers who specialize in the buying and selling of dealerships. I was also aware of at least two parties who had already expressed an interest in potentially acquiring the Dixie Chrysler dealership.

33. Over the coming days, I engaged in discussions with the two parties who had already expressed an interest in acquiring the dealership. The first party ("**Interested Party #1**") has experience with pre-owned dealerships as well as autobody and mechanical shops which largely overlaps with Dixie Chrysler's business. Although they do not have experience in owning a dealership franchise, I made inquiries of Chrysler's regional and national representatives regarding the process by which they could be approved to purchase the dealership.
34. The second party that expressed an interest in acquiring the dealership ("**Interested Party #2**") is headed up by an individual who previously worked for me for a number of years as a manager at Dixie Chrysler and, as such, is very familiar with the business. He is also very familiar to Chrysler as he is already the owner of four car dealerships in Ontario, one of which is a Chrysler dealership.
35. I am advised by Danny Nunes that he had a call with RBC's counsel on March 10, 2025 at which time he advised counsel that while discussions were in an admittedly preliminary stage, both Interested Party #1 and Interested Party #2 had expressed a serious interest in purchasing the Dixie Chrysler dealership and that discussions with both parties would continue over the coming days, as well as potentially other interested parties and brokers specializing in the buying and selling of automotive dealerships.
36. I am advised by Mr. Nunes that he advised RBC's counsel that Dixie Chrysler was making good faith efforts to continue discussions with those parties who expressed a serious interest in purchasing the dealership with an eye towards repaying RBC's indebtedness in as timely a manner as possible. Further in that regard, Mr. Nunes advised that further updates would be provided to RBC as discussions progressed with interested parties.
37. On March 11, 2025, I had a further meeting with Interested Party #1 who advised that they were seriously interested in pursuing the acquisition of the dealership but asked that I stay on for a period to assist with the ownership transition. Given that my relationship with Chrysler would likely assist in moving along any approvals needed for Interested Party #1 to acquire the dealership, I would be prepared to stay on for a period.



38. Discussions with Interested Party #1 progressed fairly rapidly during the week of March 10, 2025 with the party and its accountants reaching out to myself and TZR to review financial information as part of their due diligence on the dealership.
39. On March 14, 2025, I had a further discussion with a broker who represents the owner of a local used automotive dealership in Brampton (“**Interested Party #3**” and together with Interested Party #1 and Interested Party #2, the “**Interested Parties**”). I was advised that Interested Party #3 is very well capitalized and is looking to acquire a dealership on a fairly aggressive timeline. After speaking with the broker representing Interested Party #3, I introduced the broker to TZR to assist in moving forward Interested Party #3’s due diligence process.
40. An update on discussions with the Interested Parties was provided via email by Mr. Nunes to RBC’s counsel on March 14, 2025.
41. On March 17, 2025, the broker representing Interested Party #3 provided Dixie Chrysler with a non-binding letter of intent for the acquisition of Dixie Chrysler’s assets with a proposed closing date of May 30, 2025.

### **Conclusion**


42. Appointing a Receiver at this juncture, when the Interested Parties have all expressed serious interest in pursuing the opportunity to acquire Dixie Chrysler’s business but have not yet had the opportunity to conduct the necessary due diligence, would only be destructive to the value of Dixie Chrysler’s business, to the detriment of its creditors, and unnecessarily jeopardize the employment of Dixie Chrysler’s many employees.
43. In the circumstances, it would be more beneficial for all stakeholders if Dixie Chrysler were provided a period of 90 days within which to continue pursuing a potential sale transaction with one of the Interested Parties, or such other party that may express an interest, on terms satisfactory to RBC. During the aforementioned 90 day period, the dealership would continue to operate and Dixie Chrysler would provide Zeifmans with the necessary financial reporting to allow it to review and monitor Dixie Chrysler’s financial affairs and report to the Bank. In the event that a transaction satisfactory to the Bank is not

agreed upon prior to the expiry of the 90 day period, the Court may appoint the Receiver at that time.


44. To the extent that the Bank is concerned that its security position may deteriorate over the 90 day period, Zeifmans will be monitoring Dixie Chrysler's financial affairs and reporting to the Bank and the Bank may seek relief from the Court in that regard if there is deterioration of the Bank's security position.
45. However, as noted above, for Dixie Chrysler to purchase new inventory it is required to secure RBC's prior approval. In the circumstances, that has effectively meant that Dixie Chrysler has not been able to source any new inventory. Clearly if the only inventory that Dixie Chrysler has to sell is older inventory, that will negatively impact sales which will limit repayment of RBC's indebtedness as well as the dealership's overall financial position which, in turn, may negatively impact the prospects of a sale transaction, including but not limited to a transaction with any of the Interested Parties.
46. However, pursuant to the terms of the franchise agreement between Dixie Chrysler and Chrysler, Chrysler agrees to buy back any current model year vehicle that is new and unused. As such, to the extent that any 2025 models are purchased by Dixie Chrysler, under the floor plan credit facility limits previously agreed to with the Bank, the Bank should have no exposure or deterioration in its security position given that either the 2025 models will be sold and the proceeds put towards decreasing Dixie Chrysler's indebtedness to the Bank or, if a Receiver is ultimately appointed, the Receiver can simply return the 2025 models, again decreasing the indebtedness owed to the Bank.
47. Providing Dixie Chrysler with sufficient time to canvas interested parties with a serious interest in purchasing the dealership while Zeifmans monitors its financial affairs will not result in any deterioration in the Bank's security position and may result in the Bank's security position improving in the event of a going concern sale transaction. Further in that regard, the potential for a going concern sale transaction represents an opportunity to preserve the jobs of Dixie Chrysler's many employees and a long-established business in the Brampton community.

48. I swear this affidavit in response to RBC's application seeking Zeifmans' appointment as Receiver and for no other or improper purpose.

**SWORN** remotely by Hugh Brennan at the City of Toronto, Ontario, before me at the City of Toronto, in the Province of Ontario, on this 17<sup>th</sup> day of March, 2025, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

  
\_\_\_\_\_  
Commissioner for Taking Affidavits

**Danny M. Nunes**  
**(LSO #53802D)**

Signed by:  
  
\_\_\_\_\_  
F9BC0C00AC68486...  
**Hugh Brennan**

This is Exhibit A referred to in the  
affidavit of HUGH BRENNAN  
sworn before me, this 17<sup>th</sup>  
day of MARCH 2025

  
.....  
A COMMISSIONER FOR TAKING AFFIDAVITS

Danny M. Nunes  
(LSO #53802D)



Barry Mutis  
Director  
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Tel: (416) 456-3914  
Email: barry.mutis@rbc.com

January 20, 2025

Zeifman Partners Inc.  
201 Bridgeland Avenue  
Toronto, Ontario  
M6A 1Y7

Attention: Mr. Allan Rutman

Dear Sirs:

**Re: Dixie Chrysler Ltd.**

The purpose of this letter is to set out the terms of the engagement of Zeifman Partners Inc. (the "Consultant") to review and monitor the financial affairs of the Borrower and report directly to Royal Bank of Canada (the "Bank").

The Borrower has agreed that the Consultant shall be engaged by the Bank to carry out duties on the terms hereinafter set forth and in accordance with such terms as follows:

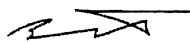
1. The Bank hereby retains the Consultant with a mandate to conduct as often as required at the sole discretion of the Bank reviews of the Borrower including, but not limited to, the following:
  - a. Review all financial statements and current year's operating results.
  - b. Review operating ratios, in respect of cost of goods sold, labour and overhead, including an analysis of variances.
  - c. Review and assess the current financial position and current cash flow of the Borrower.
  - d. Review the Borrower's ongoing cash flow requirements and results and report thereon to the Bank.

- e. Review the status of outstanding obligations in respect to priority payables including Canada Revenue Agency, Employees claims, trade in financing, Ministry of Transportation as well as key vendors.
  - f. Evaluate the current security position of the Bank with reference to its advances to the Borrower.
  - g. Provide such information, documents and reports to the Bank as the Bank may request from time to time.
  - h. Based on your findings and in your sole discretion, provide such recommendations to the Bank as you deem appropriate.
  - i. Review documentation relevant to the Bank in respect to the Borrower's current and projected performance.
2. The Borrower agrees to and acknowledges the Consultant's mandate as set out in section 1 hereto.
3. The Borrower agrees and acknowledges that the Borrower will make available to the Consultant for its review all available financial information relating to the Borrower including, without limitation, all financial statements and the books and records of the Borrower for the current and historical periods and all information compiled for the Borrower respecting current operations.
4. The Borrower agrees and acknowledges that it will co-operate fully with the Consultant; will answer all enquiries fully and fairly and to the best of their ability; and will permit the Consultant to have full, complete and unrestricted access to their properties and personnel, or whomever or wherever necessary, to enable the Consultant to carry out its engagement, which may include, but is not limited to, all of the Borrower's books, records, inventory and assets, and all premises where same may be located, which right to access shall include the right to inspect, photograph, photocopy, appraise, or summarize. The Borrower agrees and acknowledges that it will provide the Consultant promptly with any and all information and records which the Consultant may request and will direct the Borrower's auditors, advisors and legal advisers to co-operate fully, and to provide the Consultant promptly with any information, including copies of documents and records, including reports on all sales, purchases, receipts, deposits, payments, contracts or agreements, which have been made or may be made by or on behalf of the Borrower, which the Consultant may request.
5. The Bank and the Borrower agree that the Consultant will have no managerial capacity with respect to the Borrower, will not advise the Borrower and will assume no decision-making responsibility with respect to the Borrower's businesses or affairs.

6. The Consultant will be acting solely for the purpose of advising the Bank and will have no legal duty to the Borrower or the Guarantors, whether in contract, tort or otherwise, with respect to advice given to the Bank. It is understood and agreed that any formal reports shall be provided only to the Bank.
7. The Borrower agrees that the Consultant's professional fees and expenses, (including applicable taxes), shall be for the joint and several account of the Borrower and may be paid by the Bank debiting any account of the Borrower with all or part of such fees and expenses at any time in its sole discretion. The Consultant's fees will be based on actual hours incurred at its standard hourly rates. The Schedule "A" attached hereto, sets out the Consultant's current hourly rates. Schedule "B" includes the Terms & Conditions of the engagement.
8. The Borrower acknowledge and agrees that the engagement of the Consultant is not being made pursuant to any security given to the Bank and is not an act of enforcement of any security or guarantees held by the Bank.
9. The Borrower acknowledges and agrees that the engagement of the Consultant will not limit or lessen the rights of the Bank at any time to enforce any security given or guarantees held, and the Bank is not to be taken as having waived or varied any of the provisions of any security agreements or guarantees, or any other agreements between the Borrower and the Bank.
10. The Borrower acknowledges and agrees that the Bank may at any time without the Borrower's consent and without any prior notice to the Borrower, terminate or suspend the engagement of the Consultant. The Borrower further acknowledges that notwithstanding the terms of this engagement the Bank reserves its right to act at any time in order to preserve, protect, enforce or realize upon its security.

Yours very truly,

**Royal Bank of Canada**



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**Barry Mutis**  
**Director, Special Loans & Advisory Services**

**SCHEDULE A**  
**PROFESSIONAL HOURLY RATES**

<b>POSITION</b>	<b>RATE</b>
Allan Rutman, Partner	\$725.00
Manager	\$425.00
Senior Staff Accountant	\$290.00
Administrative Staff	\$290.00

Rates are prior to HST and disbursements.

Rates are subject to change.



## **SCHEDULE B TERMS OF ENGAGEMENT**

This document sets out the terms of your engagement of our firm. It should be read in conjunction with our engagement letter or proposal which contains details as to the scope of our role, the team that will work with you and our fees. The terms set out in this document and in our engagement letter will continue to apply unless varied in writing. Even where a specific engagement letter is not deemed necessary due to limited scope of the engagement, the terms set out in this document will apply to the provision of our services. At the outset of an engagement we ask that you provide us with all information and documentation that is relevant to the engagement.

**1. Party**

You agree to retain Zeifman Partners Inc. and/or its affiliates (together, "Zeifmans") to perform the professional services requested.

**2. Assigned Partner(s)**

Unless set out in the engagement letter, responsibility for providing your professional services will generally be assigned to one partner. Other Zeifmans partners and professional staff may assist in providing the appropriate professional services. Confidential information will be shared with those other partners and professional staff regarding your engagement.

**3. Correspondence and Documents**

We may store correspondence and documents in electronic format. To the extent that you are able, you permit us to copy and electronically scan all such correspondence and documents for our use in connection with our work on the engagement and for filing, storage and record keeping purposes.

Where we have stored correspondence and documents in electronic format, we may then destroy the original. However, we will not destroy original agreements or any hard copy documents that you ask us to return to you.

We will keep the correspondence and documents (whether in hard copy or in electronic format or both) on the understanding that we can destroy or delete them six years after the date of the final invoice for the engagement.

After completing the engagement, we will be entitled to keep all your correspondence and documents while there is still money owed to us for fees and expenses.

Our drafts and work product belong to us. We reserve the right, subject to any laws or rules of professional conduct, to destroy within a reasonable time any items that are retained by us.

You or your organization shall not refer to Zeifmans or use Zeifmans name or logo in any manner or medium without the prior written permission of Zeifmans in each instance, which permission may be unreasonably withheld by Zeifmans.

4. **Electronic Documents and Communications**

There will likely be significant e-mail communications in the course of our engagement including the delivery of documents to you and from others in electronic form. We will not encrypt any e-mail or documents sent to you unless you ask us to do so and we are able to agree on and implement mutually acceptable encryption methods.

We try to exclude from our electronic documents any virus or mal-ware that might affect any computer or IT system. However, it is your responsibility to protect your computer or IT system against any such virus or defect, and we do not accept any liability for any loss or damage that may arise from the receipt or use of electronic documents or communications from us.

5. **Fees**

If no specific basis for fees is agreed with you in writing, then our fees will be based on the number of hours spent on your engagement (at our then applicable standard hourly rates for the respective partners or staff) plus applicable HST, and may be adjusted to reflect the complexity of the work which has been done for you.

Where our engagement letter may set out a fee estimate, this is an indication, made in good faith and on the basis of the information we have at the time the estimate is given, or likely fee for carrying out the work. An estimate is subject to revision and is not a commitment by us to carry out the work for that fee. We shall notify you if it becomes apparent that our fee will exceed any estimate given to you.

In providing services we may incur disbursements or have to make payments to third parties on your behalf. These will be added to the value of the time incurred and included in our invoice to you when the expense is incurred. We may require an advance payment for the disbursements or expenses which we will be incurring on your behalf.

We aim to ensure that our involvement is cost-effective. You may set a limit on charges and expenses to be incurred. We shall endeavor not to exceed an agreed limit without consent.

6. **Billings**

We will normally bill you on regular basis and include in such billings the time spent together with a brief description of the relevant activity. Alternative billing methods should be discussed and agreed upon separately with your client service partner.

7. **Payment**

Invoices are due on receipt, unless alternative arrangements have been made with us. We may require interest to be paid on any amount which is more than 30 days past due. Interest will then be calculated at an annual rate of 18%.

If invoices are not paid promptly, we reserve the right to discontinue the provision of all services, to exercise a right of lien over correspondence and documents under our control and to charge interest at a rate of 18% per annum until full payment is received.

**8. Personal Information**

Any collection, use or disclosure of personal information is subject to Zeifmans' privacy policy available at [www.zeifmans.ca/privacy-policy](http://www.zeifmans.ca/privacy-policy). It is acknowledged we may be required to have access to all personal information in your custody that we require to complete our engagement.

Our services are provided on the basis that:

- i. you represent to us that you have obtained any required consents for collection, use and disclosure to us of personal information required under applicable privacy legislation; and
- ii. we will hold all personal information in compliance with Zeifmans' privacy policy.

**9. Confidentiality**

We will maintain the strictest confidence with respect to any client's or former client's information. Accordingly, your confidential information will not, without your consent, be disclosed to any Zeifmans individuals beyond those who are engaged on your services. This policy applies to anyone outside Zeifmans, except as required by law, under the profession's Rules of Professional Conduct, or in connection with our quality control regime.

As our client you will treat in confidence any information provided to you by Zeifmans, including but not limited to Zeifmans' methodologies, know-how, knowledge, application or software, and will not use or disclose any such confidential information of Zeifmans to others.

**10. Not Liable For Any Failures or Delays Beyond Our Control**

We will use all reasonable efforts to complete the engagement as described in this letter within the agreed-upon time frames. However, we shall not be liable for failures or delays in performance that arise from causes beyond our reasonable control, including but not limited to the untimely performance by you or your organization of its obligations and any law, order or requirement of any governmental agency or authority.

**11. Limitation of Claims**

You agree that Zeifmans shall not be liable to you for any actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses (collectively, "Claims") in any way arising out of or relating to the services performed hereunder for an aggregate amount in excess of the fees paid by you to Zeifmans under the engagement. On a multi-phase engagement, Zeifmans liability shall be based on the amount actually paid to Zeifmans for the particular phase that gives rise to the liability.

For purposes of this section 11, the term Zeifmans shall include its subsidiaries, its associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives. The provisions of this section 11 shall apply regardless of the form of claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

**12. Withdrawal or Termination of Services**

Unless terminated sooner in accordance with its terms, the engagement shall terminate on the completion of Zeifmans' services hereunder, which completion shall be evidenced by the delivery of Zeifmans' final invoice in respect of the services performed hereunder. Should you not fulfill your obligations set out herein or in the engagement letter and in the absence of rectification by you within 10 days, Zeifmans may, upon written notice, terminate its performance and will not be responsible for any loss, cost or expense resulting therefrom.

If at any time during the engagement it is determined by Zeifmans, in its sole discretion, that there may be an actual or potential breach by Zeifmans of applicable professional standards, Zeifmans may terminate the engagement, without liability, immediately on notice to you.

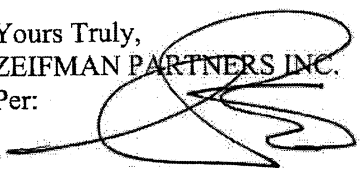
The engagement may be terminated by either party at any time by giving written notice to the other party not less than 30 calendar days before the effective date of termination. Upon early termination of the engagement, you shall be responsible for the payment to Zeifmans for Zeifmans' time and expenses incurred up to the termination date, as well as reasonable time and expenses to bring the engagement to a close in a prompt and orderly manner

**13. General**

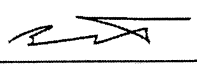
These Terms apply to any current engagement and also to any future engagement, whether or not we send you another copy of them. We are entitled to change these Terms from time to time, in which case we will send you amended Terms.

We value an ongoing relationship with you. These Terms are the core basis of our relationship and our commitment to you to attend to your affairs diligently, with an efficient, effective and professional service.

Yours Truly,  
ZEIFMAN PARTNERS INC.  
Per:

  
Allan A. Rutman, MBA, CPA, CTP

**Agreed, on behalf Royal Bank of Canada**

Signature: 

Title: Director, Special Loans & Advisory Services

Date: January 20, 2025

**CONSENT OF CONSULTANT**

Zeifman Partners Inc. hereby consents to its appointment as Consultant on the above terms and conditions.

**DATED** at Toronto, Ontario this 20 day of January, 2025.

ZEIFMAN PARTNERS INC.

Per: 

\_\_\_\_\_  
Allan A. Rutman, M.B.A., C.A.

I have authority to bind the corporation.

**CONSENT, AUTHORIZATION AND ACKNOWLEDGEMENT**

**TO:           Royal Bank of Canada**

**AND TO:    Zeifman Partners Inc. (the "Consultant")**

The undersigned refer to the attached engagement letter dated January 20, 2025. All terms defined in the attached letter shall have the same meaning herein. The Borrower hereby consents to the appointment of the Consultant and the terms thereof and confirm that the Borrower will co-operate fully with the Consultant. The Borrower will disclose all books, records, assets, liabilities and contemplated transactions to the Consultant. In addition, the Borrower will ensure that the Consultant is aware of, and has access to, all relevant information available to the Borrower in operating their businesses.

The Borrower agrees that all professional fees and costs of the Consultant shall be for the joint and several account of the Borrower and authorize Royal Bank of Canada to debit any account of the Borrower for the payment of such fees and costs. The Borrower further acknowledges that it has received no commitment from Royal Bank of Canada, of any nature whatsoever, concerning their indebtedness to Royal Bank of Canada and that Royal Bank of Canada reserves all of its rights and remedies including, inter alia, the right to act at any time in order to preserve, protect, enforce or realize upon its security and otherwise.

DATED at \_\_\_\_\_, Ontario, this \_\_\_\_\_ day of January, 2025.

**DIXIE CHRYSLER LTD.**

\_\_\_\_\_  
Hugh Brennan  
(I have authority to bind the corporation)

<p>ROYAL BANK OF CANADA</p>	<p>and</p> <p>Applicant</p>	<p>DIXIE CHRYSLER LTD.</p> <p>Respondent</p>
		<p><i>ONTARIO</i></p> <p>SUPERIOR COURT OF JUSTICE</p> <p>PROCEEDINGS COMMENCED AT BRAMPTON</p>
		<p>RESPONDING AFFIDAVIT OF HUGH BRENNAN</p> <p>(sworn March 17, 2025)</p>
		<p>CAPSTONE LEGAL</p> <p>1370 Hurontario Street</p> <p>Mississauga, ON L5G 3H4</p> <p>Danny M. Nunes (LSO No. 53802D)</p> <p>Tel.: (416) 414-3311</p> <p>Email: <a href="mailto:dn@capstonelegal.ca">dn@capstonelegal.ca</a></p> <p>Lawyers for Dixie Chrysler Ltd.</p>