

**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**

**AFFIDAVIT OF ADAM HAUGH  
(sworn April 28, 2025)**

I, Adam Haugh, of the City of Mississauga, in the Province of Ontario, **MAKE OATH  
AND SAY AS FOLLOWS:**

1. I am a Director, Special Loans & Advisory Services at Royal Bank of Canada (the “**Lender**” or “**RBC**”).
2. The Lender is a secured creditor of Dixie Chrysler Ltd. (“**Dixie**” or the “**Debtor**”), the respondent herein, and I am one of the individuals employed by RBC who is responsible for management of the Debtor’s accounts and credit facilities. As such, I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true.

3. This Affidavit is sworn in support of the pending receivership application against the Debtor, and is sworn further to the Affidavits sworn by Barry Mutis on February 28, 2025 and March 24, 2025 (the “**Mutis Affidavits**”). All capitalized terms herein not defined shall have the meaning set out in the Mutis Affidavit.

4. Since the Mutis Affidavits were sworn, Barry Mutis retired from his position at RBC. In light of his retirement in March 2025, I have taken carriage of the management of the Debtor’s accounts and credit facilities.

### **PURPOSE**

5. I am swearing this Affidavit pursuant to the April 24, 2025 endorsement of the Honourable Madam Justice Shaw.

### **UPDATE SINCE PRIOR ATTENDANCE**

6. Following the hearing before the Court, RBC was awaiting the release of the decision taken on reserve.

7. As per Mr. Mutis’ affidavit sworn on March 18, 2025, the Debtor did not provide the Court with any cash flow to show it had sufficient access to funds to continue to operate without prejudicing stakeholders, including RBC.

8. RBC was concerned about its security position further eroding as the value of its security had declined by approximately \$700,000 in the three month period between January and March 2025. Dixie was not advising RBC of sale of vehicles or paying for them in accordance with the terms of the Credit Agreement. In order to protect its collateral, RBC decided to register its security

interest against all vehicles financed under its floorplan financing agreement to stop the amount of Unremitted Funds from increasing.

9. On March 24, 2025, RBC established a protocol with the assistance of Zeifman Partners Inc. (“**Zeifman**”) to ensure proceeds of vehicle sales were applied against amounts owed by the Debtor to RBC and otherwise not diverted (the “**Preservation Collateral**”). RBC registered its security interest against the floorplan financed vehicles on March 24, 2025. RBC agreed to not sweep proceeds of vehicles not financed under the credit agreement, service and parts sales to permit operations to continue pending the decision.

10. In the interim, the Debtor indicated that it would provide the cash flow projection that was originally requested by RBC and Zeifman in January 2025. A draft cashflow was delivered to the Bank and to Zeifman on April 8, 2025 (the “**Draft Cash Flow**”).

11. In order to break even, each vehicle sale must be at a sufficient price to satisfy: (i) HST and other taxes accruing on the sale, (ii) the amount of financing provided by RBC for the supply of that vehicle to Dixie, and (iii) a portion of the Debtor’s operating costs, such as employee salaries, relative to the costs of operating the business and the sales volume during that period. Based on my and Ziefman’s review of the Draft Cash Flow, vehicles were being sold at prices insufficient to cover these three expenses. Due to this, the Debtor was losing money daily in operating their business.

12. RBC asked Zeifman to review the Draft Cash Flow with the Debtor. In reviewing the Draft Cash Flow and other information provided by the Debtor, Zeifman prepared a report on, among other things, the current financial status of the Debtor (the “**Report**”). The Report is attached hereto as **Exhibit “A”** to this affidavit.

13. Based on the Report and the accompanying review from Zeifman provided therein, the Draft Cash Flow delivered to RBC does not accurately reflect the financial position of the Debtor for the period described.

14. On April 17, 2025 I was contacted by a senior compliance officer with the Ontario Motor Vehicle Industry Council (“**OMVIC**”), which is the regulator for car dealers in Ontario, to discuss the Receivership and status of the receivership. I asked our counsel to respond to the investigator. The email exchange between the OMVIC investigator and counsel for RBC is attached hereto as **Exhibit “B”** to this affidavit. As of the date of the swearing of this affidavit, the Debtor has failed to consent to RBC discussing non-public information with the OMVIC investigator.

15. As at April 17, 2025, payment requested on Dixie’s account exceeded available funds and its account at RBC was subject to an unauthorized overdraft in the sum of \$232,040.84.

16. After April 19, 2025, the overdraft was covered by an advance to Dixie by RBC under an operating line of credit. The advance was used, in part, to pay outstanding employee salaries. The Debtor is no longer entitled to the advance of any credit.

17. Based on the price of the vehicles as insufficient to cover expenses in sourcing and selling each vehicle, the Debtor has failed to set aside funds to pay the accruing HST obligations arising from continued sales. Further, the proposed purchaser that the Debtor was working with as at March 18, 2025 has elected not to proceed with a transaction.

18. RBC has now learned that vehicles were being taken in as trade-in on floorplan vehicles financed by the Debtor without satisfying prior registered financing liens. As such, certain trade-in vehicles advertised for sale by the Debtor remain encumbered by financiers of the previous

owner. These issues have been raised with the Debtor through counsel. Attached hereto as **Exhibit “C”** is a copy of the exchange between counsel for the Debtor and RBC. In response, the Debtor sent correspondence to counsel for RBC responding to the concerns raised by RBC in their correspondence. Attached hereto as **Exhibit “D”** is a copy of this correspondence.

19. RBC has continuously been working with the Debtor since January 2025 and RBC asked Zeifman to address the issues raised in the last communication from the Debtor in the Report. RBC and adopts confirms the information set out therein.

20. In light of the correspondence attached and the Draft Cash Flow provided by Dixie, RBC is concerned that any going concern value of the business is diminishing rapidly as it is continues to be operated by the Debtor at a loss. The HST obligation is steadily increasing as the Debtor is sell vehicles for amounts insufficient to pay both the amount financed by RBC and the HST obligation accruing thereunder.

21. The Draft Cash Flow provides that there is no profit margin generating funds to permit the business to operate. Certain obligations that rank in priority to the secured interest of RBC, such as HST, are not being paid. It is unclear how the employees will be paid. It is unclear whether consumers will start to be affected if Dixie is unable to pay sufficient funds to ensure clear title is being delivered.

22. The Debtor has failed to address the concerns of RBC or confirm that it has secured either a working capital injection to permit the business to continue to pay its obligations or a firm purchaser who will pay out the bank as at the time of the swearing of this affidavit. In fact the Debtor has not provided any response as to how it will continue to fund its ongoing obligations while the decision from March 18, 2025 remains under reserve.

23. As at April 28, 2025, the Debtor has the sum of \$153,525.22 in its accounts with RBC.

24. This affidavit is thus made pursuant to the April 24, 2025 endorsement of the Honourable Madam Justice Shaw, and for no other improper purpose.

Affirmed remotely by video conference on April 28, 2025 in the City of Toronto, in the Province of Ontario, with the affiant before me in the City of Toronto, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:  
*Shawn Parsons*  
3090420171C8499...  
\_\_\_\_\_  
Commissioner for Taking Affidavits

Signed by:  
*Adam Haugh*  
67C6E3B5BDE443F  
\_\_\_\_\_  
ADAM HAUGH

This is Exhibit "A" referred to in the Affidavit of Adam  
Haugh sworn before me, this 28th day of April, 2025.



---

*Commissioner for Taking Affidavits*

April 28, 2025

Royal Bank of Canada  
20 King Street West, 2<sup>nd</sup> Floor  
Toronto, Ontario, M5H 1C4

Attention: Mr. Adam Haugh, Director Special Loans & Advisory Services

Dear Sirs:

**Re: Dixie Chrysler Ltd.**

Zeifman Engagement

Zeifman Partners Inc. (“**Zeifman**”) is a licenced trustee in bankruptcy. The partners in its automotive group have over 40-years’ experience with insolvencies in the automotive sector. Zeifman was engaged as Royal Bank of Canada’s (“**RBC**”) consultant in respect of Dixie Chrysler Ltd. (“**Dixie**”) on January 21, 2025. Upon commencement of its mandate, Zeifman attended on-site at Dixie’s car dealership with the business’ management and accountant, and presented them with a list of information and documentation required for our engagement. Dixie advised that, based on advice of their financial advisors, Dixie would cease cooperating and providing information to Zeifman.

As of today’s date, Zeifman has been provided only limited information, with limited interaction with the management of Dixie, and most correspondence is with the controller of Dixie.

We write to provide you with a summary of our review and analysis in respect of Dixie pursuant to our engagement described above.

Review of Concerns Presented by Dixie

*Sale of Business*

Dixie is working with Albert Gelman Inc. (“**AGI**”), a professional advisor that is a licensed trustee in bankruptcy in Ontario. Adam Zeldin of AGI was engaged by Dixie following demand for repayment of amounts owed by RBC. He has had continued involvement since the Court attendance on March 18, 2025.

Mr. Zeldin confirmed to Zeifman that the potential sale transaction between Dixie and First Motors Inc. did not proceed as the potential buyer was not prepared to pay

Ideas  
with  
impact



out RBC's collateral security position. Mr. Zeldin has not advised Zeifman of any alternate firm transaction that Dixie has secured which would result in the repayment of RBC, let alone the other creditors of Dixie ranking subordinate to RBC as at the time of the signing of this letter.

Dixie has entered into discussions with a party identified in the Affidavit of Hugh Brennan dated March 17, 2025 as the second interested party that, according to Dixie's counsel, has submitted a Letter of Intent (the "**LOI**"). The advice did not provide any indication that the second interested party was prepared to repay the bank or any other creditor. Neither Zeifman nor RBC have received a copy of the LOI or an understanding whether there is sufficient funding to repay the bank or any other creditors, however, the principal of Dixie advised at 6:30 p.m. on Sunday, April 27, 2025 (less than 24 hours before materials were due for a return attendance before the Court and without sufficient time to review and consider any documents given) that they were willing to provide the LOI.

It is presently unclear whether Dixie has canvassed the entire market in trying to locate a buyer for their business. No evidence has been provided to Zeifman as to whether the proposed transaction under the LOI: (i) can or will close, (ii) when closing will take place, or (iii) whether it could generate sufficient funds to repay RBC. Further Zeifman is unaware of the identity of this interested party and the likelihood closing can occur, including as to whether: (i) the proposed purchaser has the financial resources to close, and (ii) whether the proposed purchaser is a current licensed dealer or whether Stellantis, Dixie's existing dealer, would find the proposed purchaser acceptable as a dealer. No evidence has been put forth to suggest that Dixie will have the resources to continue to operate and its obligations as they come due.

### *HST Arrears Accruing*

Auto financing services by banks and financial institutions (each, a "**Lender**") works on a trust based system.

In the normal course of business, the Lender provides a floor plan facility to the dealership (the "**Dealership**") which allows them to fund the vehicle's purchase price including HST and all landed costs from the manufacturer. The floor plan facility is segregated into separate sections relating to the nature of the vehicle being sold, such as a: New Cars Floor Plan, Used Cars Floor Plan, Leasing Floor Plan and Rental Cars Floor Plan. Each of these sections is assigned a maximum amount of funding capacity by the Lender under each facility.

The Lender receives a security interest on all assets of the Dealership as to secure repayment of all monies owing by the Dealership under the floor plan facility. This security interest covers the vehicles the dealership acquires for sale to consumers. Typically, the security interest is not registered on a VIN-by-VIN basis (as noted above, this typically operates under a trust-based system), but as the security interest extends to each VIN, the Lender is entitled to register under each VIN.

The Lender is notified by the Dealership upon entering into a sale agreement with a customer, including end user or wholesale buyer (the “**Customer**”) at the date of the sale agreement. Upon delivery of the vehicle to the Customer, the Dealership is required to payout the balance outstanding to the Lender on the vehicle sold at the earlier of received funds or within five days.

Further, if a vehicle is financed under a floor-plan facility and has not been sold within 180 days for a used vehicle and 365 days for a new vehicle, it is assumed that the vehicle’s expected sales value has declined, which results in a deterioration of the Lender’s security against the amount funded against the vehicle. Due to the vehicle’s projected depreciation, a partial payout (“**Curtailment Amount**”) is owing to the Lender for the amount funded on the vehicle.

Periodically, the Lender conducts a floor plan audit to reconcile the financed inventory and the Dealership’s onsite inventory, to confirm that the Lender has been paid for amounts due for the vehicles sold by the Dealership and to estimate the Curtailment Amount for any unsold vehicles accrued. Here, the amounts not remitted to the Lender for its advanced funds on the vehicles sold by Dixie are described as “Unremitted Funds” in RBC’s application record.

A customer of a car dealership expects full disclosure, warranty, representation on good functionality of vehicle and compliance with the Ontario Motor Vehicle Industry Council (“**OMVIC**”), including assurance that the prior charge/financing on the vehicle purchased has been discharged by the Dealership in order to be delivered with clear title. Consumers do not typically perform a PPSA search on a purchased vehicle to confirm clear title. Rather, most customers rely upon the Dealership to act in good faith to provide a vehicle with clear title.

Zeifman had requested a cash flow from Dixie since January 2025. The draft cash flow delivered by Dixie on April 8, 2025 does not present a true and clear picture of its financial affairs. I have attached a copy of the cash flow delivered by Dixie as Appendix “A” to this Report.

Prior and since the delivery of the draft cash flow, Zeifman has requested information and documentation to verify the forecasted and actual numbers



contained in the cash flow forecast period but has not been provided certain information including Account Payables and Account Receivables from Dixie.

## Review of Cash Flow and Financial Affairs

1. Zeifman was provided with a draft cash flow forecast for discussion purposes and has not been provided with a finalised cash flow forecast by Dixie despite multiple reminders. Dixie's professional advisor, AGI, confirmed that providing a final cash flow forecast including backup documentation is not a priority for management as they deal with managing working capital requirements and potential sale of Dixie.
2. Zeifman has sent written instructions on each vehicle sale with payout terms to Dixie, advising on Dixie's HST obligations per sale, and for Dixie's requirement to segregate funds separately for its HST obligations.
3. Based on information provided from Dixie, its HST obligations to CRA for March 2025 (that is due by end of month of April 2025) is \$124,680.18, and Dixie has not provided any evidence as of date of this report that they will have any funds on hand to honour this obligation.
4. Dixie has requested Zeifman's consent to be able to sell the unfloored vehicles which are collateral for debts owed to RBC under general security agreement, in order to pay the HST obligation to CRA for \$124,680.18 which is due to be paid by end of the month April 2025. Zeifman is unaware of the proposed method to sell these unfloored vehicles, including through a fire sale or auction. If there is a bulk sale at this stage, RBC has indicated it will require the bankruptcy of Dixie.
5. Based on the last evidence provided to Zeifman which was current to March 31, 2025, account payables of Dixie were \$47,440. Zeifman has not been provided with anything more current despite request. Dixie's draft cash flow does not forecast to make payments towards its outstanding account payables. Dixie advised Zeifman that no disbursements have been made towards its outstanding account payables to various entities.
6. Dixie forecasted to collect account receivables of \$189,500 and Manufacturer Incentives & Rebates of \$38,000 during 13-week period ending June 29, 2025, but the majority of the accounts listed in the backup documentation are outside the timeline for a good collectible receivable, suggesting that, although these amounts are receivable, they will not be repaid. Zeifman has requested and awaits confirmation by Dixie on the collectability of its account receivables.
7. Dixie forecasted to collect account receivables of \$14,000 in week of April 7, 2025, to April 13, 2025, Zeifman has requested and awaits confirmation

with backups for actual amount collected for Account Receivables for this period.

8. As a result of the concerns presented above, Zeifman has amended the cash flow forecast attached as Appendix “B”, to reflect a realistic collection of account receivables.
9. Zeifman has adjusted the cash bank balance in Dixie’s cash flow forecast to reflect the actual adjusted opening balance which is calculated as \$(4,126).
10. As a result of adjustments to Dixie’s cash flow forecast implemented by Zeifman, cash flow is negative and remains negative during the term of the cash flow forecast. The negative cash balance peaks at \$271,682.
11. As a result, Zeifman is concerned about the impact on RBC’s security position as well as Dixie’s customers sale transactions may be in jeopardy.

The following are examples of transactions entered into after March 18, 2025 which demonstrate that Dixie has been selling vehicles for amounts to pay amounts owed to the bank and HST.

S.No.	VIN	Gross Sales Amount	HST Collected	Additional Amounts	Total Amount on Sale	Floor Plan Amount	Shortfall on Deal compared to Gross Sales with Floor Plan Amount owed	Cash Payout Amount to Bank Finalised
1	1FA6P8CF4K5131805	30,000	3,900		33,900	36,000	(6,000)	36,000
2	5NTJDDAF5PH059000	30,000	3,900		33,900	33,000	(3,000)	33,000
3	1C4RJKBG0M8165841	31,000	4,030		35,030	35,000	(4,000)	35,000
4	2C3CCASG1NH195084	26,000	3,380		29,380	30,000	(4,000)	30,000
5	1C4PJXAN5RW208724	42,640	7,882	17,994	68,516	67,032	(24,392)	67,032

Dixie’s HST obligations to CRA for March 2025 (which is due by end of month of April 2025) is \$124,680.18. Dixie has not provided any evidence as of the date of this Report that the funds are segregated to pay these historic amounts owing to the CRA and for those additional amounts accruing in April. Dixie advised Zeifman that it intends to sell non-floored vehicles, which are subject to RBC’s security interest, to accumulate funds to pay HST due for March 2025. This course of action would further deteriorate RBC’s security position.

Dixie continues to not pay RBC’s Curtailment Amount for March and April 2025, which is an obligation of \$217,777 and \$290,691 respectively, which is in addition to unremitted funds to RBC.



Dixie's true cash flow position is expected to be negative and reflect a deteriorating financial position for Dixie and without additional cash resources indicates will not be in a position to pay HST obligations and its operating expenses in its ordinary course.

In light of limited information and documentation provided to Zeifman for review of financial affairs and RBC's deteriorating security position, including the unremitted funds and accrued Curtailment Amounts amounting to \$1,738,630 and \$767,334 respectively as of the date of this Report, there was a sales protocol designed to safeguard RBC's security position while allowing Dixie to conduct business operations pending the decision of the Court.

### *Protection Protocol*

Due to Dixie's noncompliance with the terms of the Credit Agreement (as between RBC and Dixie) in terms of payment, RBC registered its security interest against each of the floorplan financed vehicles pursuant to a protocol prepared by RBC and Zeifman to preserve the bank's collateral (the "**Protection Protocol**").

The Protection Protocol included the process as below:

1. RBC registers its security under the PPSA on each of the vehicles individually under all floor plan facility provided to Dixie.
2. Dixie delivers a draft sale terms sheet they intend to enter with the proposed customer to Zeifman for its review and approval.
3. Upon Zeifman's approval of the sale and finalizing the payout amount on the vehicle to RBC, Dixie enters into a binding agreement with the customer.
4. Dixie receives money from a customer on the transaction.
5. Dixie pays the finalised payout amount on the vehicle sold to RBC.
6. RBC initiates the process to discharge RBC's security registered against the sold vehicle.
7. Dixie then delivers the vehicle to the customer.

The Protection Protocol permitted Dixie to retain proceeds of vehicles not financed under the credit agreement, service and parts sales to permit operations to continue pending the decision.

## Dixie's Conduct and non-compliance with Protection Protocol

1. Dixie has not complied with the Protection Protocol. It initially attributed the reason for non-compliance as the car sales team refusing to comply. There are instances wherein the vehicle's deal paperwork was completed by Dixie's sales team days prior to submission for Zeifman's review.
2. There have been no instances to date where Zeifman has not completed its review and assessed the payout amount on vehicle sales within one business day. A response was provided in the majority of situations in less than four hours following submission of the draft sale terms.
3. On multiple occasions, Dixie has collected payments from the customers and delivered the vehicle while RBC was not paid promptly for the amounts owing on the sold vehicle under its security.
4. On multiple occasions, Dixie entered into binding agreements with customers without pre-approval from Zeifman. In a number of these instances, including certain vehicle trade-ins by customers, RBC, notwithstanding the requirement that it is being paid in full for the financing it had advanced, agreed to provide additional financial assistance by allowing partial payment on the amount owed on the vehicle sold by registering PPSA security on the trade-in vehicle as Dixie did not have sufficient funds to payout full cash amount owed to RBC on the vehicle.
5. Zeifman has noted instances wherein Dixie received funds resulting from a sale, but did not pay the money owed to discharge the existing lien or PPSA charge on the trade-in vehicle. Rather, Dixie used those earmarked proceeds towards its working capital requirements, risking RBC's financial position wherein it agreed to be partially satisfied on the amounts owed on the original sold vehicle by registering PPSA charge on the trade-in vehicle.
6. As on April 25, 2025, Zeifman learned that Dixie has collected monies and delivered nine vehicles to customers without RBC being paid the agreed payout amount or PPSA security being discharged on these nine vehicles. Dixie continues to risk both RBC's security and the customer financial affairs by not cooperating with the process outlined in sales protocol and despite multiple written and verbal notices.

## Conclusion

As indicated above, Dixie continues to incur losses from operations and negative cash flow from sales transactions. Sales are limited and insufficient to generate sufficient profitability and cash flow to cover overhead. Zeifman's review of sales transactions have indicated sales are being conducted at cost or less than cost. As indicated in the

Appendix “B” and discussed above, the cash flow during the next several months is expected to be negative, cementing a deteriorating financial position for Dixie. Without additional cash resources, Dixie will not be in a position to pay HST obligations and its operating expenses in its ordinary course.

As a result, the security of RBC will only continue to deteriorate while the current status quo is maintained. We do not have any confidence that Dixie will find a purchaser to payout the RBC’s debt in full.

We continue to be concerned with Dixie’s non-compliance with sales protocol designed to allow for temporary limited operations while protecting the bank’s security pending the order of the court.

Dixie has failed to provide any plan to fund its ongoing operations in light of the losses presented above, despite ongoing request by RBC and Zeifman.

The attention now shown by OMVIC to customer relationships and risks is concerning. As the regulator of Dixie, OMVIC has the ability to revoke the dealership licenses to conduct the sales.

With no evidence of funds segregated to meet HST obligations and the request from Dixie for RBC’s consent to utilize collateral security to pay HST obligations, Dixie appears to be accruing debts ranking in priority to RBC’s security position which may further risk the ability of recovery of money owed to RBC.

Yours very truly,

**ZEIFMAN PARTNERS INC.**

per:

A handwritten signature in blue ink, appearing to be 'A. Rutman', written over a horizontal line.

Allan A. Rutman,  
Licensed Insolvency Trustee, MBA, CPA

# **Schedule A**



Dixie Chrysler Ltd.  
**STATEMENT OF PROJECTED CASH FLOW**  
**FOR THE 13 WEEK PERIOD ENDED JUNE 29, 2025**

DRAFT - For Discussion Purposes

Week starting Week ending	7-Apr-25	14-Apr-25	21-Apr-25	28-Apr-25	5-May-25	12-May-25	19-May-25	26-May-25	2-Jun-25	9-Jun-25	16-Jun-25	23-Jun-25
	13-Apr-25	20-Apr-25	27-Apr-25	4-May-25	11-May-25	18-May-25	25-May-25	1-Jun-25	8-Jun-25	15-Jun-25	22-Jun-25	29-Jun-25
	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
<b>Cash balance - beginning of period</b>	\$ 101,732	115,096	217,478	208,850	65,409	98,689	195,106	212,645	67,511	86,220	217,351	230,731
<i>Cash receipts</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>New Car Sales</i>	272,000	272,000	204,000	204,000	272,000	204,000	204,000	272,000	340,000	340,000	272,000	272,000
<i>Used Car Sales</i>	76,000	38,000	38,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000
<i>Customer Deposits</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Service Revenue</i>	14,000	13,000	17,000	18,000	18,500	19,000	17,500	17,500	17,500	17,500	17,500	17,500
<i>Parts &amp; Accessories Sales</i>	28,000	26,000	34,000	36,000	37,000	38,000	35,000	35,000	35,000	35,000	35,000	35,000
<i>Detailing &amp; Car Wash</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Finance &amp; Insurance Commissions, net</i>	12,000	10,000	8,000	10,000	12,000	10,000	10,000	12,000	14,000	14,000	12,000	12,000
<i>Trade-In &amp; Wholesale Sales, net</i>	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
<i>Accounts Receivable Collections</i>	14,000	15,000	14,000	12,000	14,000	18,000	17,000	21,000	15,000	16,500	16,000	17,000
<i>Manufacturer Incentives &amp; Rebates</i>	-	-	-	20,000	-	-	-	18,000	-	-	-	-
<i>Government Rebates</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Loan/Floorplan Drawdowns</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other receipts</i>	3,900	3,250	2,600	3,250	3,900	3,250	3,250	3,900	4,550	4,550	3,900	3,900
<i>HST collected on sales</i>	50,700	45,370	38,090	43,420	52,455	43,810	43,225	52,065	60,905	60,905	52,065	52,065
<i>Disbursements</i>	88,612	-	84,242	-	79,083	-	83,245	-	92,295	-	90,751	-
Salaries and wages	-	-	-	78,463	-	-	-	78,463	-	-	-	-
Rent/Lease Costs	-	-	-	-	-	-	-	-	-	-	-	-
Commissions expense	-	-	-	-	-	-	-	-	-	-	-	-
Subcontractor expense	-	-	-	-	-	-	-	-	-	-	-	-
HST remittance	-	-	-	112,122	-	-	-	150,792	-	-	-	164,150
Payroll Deductions Remittance	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	13,633	-	-	13,633	-	-	-	-	13,633	-
New Vehicle Purchases	266,000	266,000	199,500	199,500	266,000	199,500	199,500	266,000	332,500	332,500	266,000	266,000
Used Vehicle Purchases	73,000	34,200	34,200	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000
Floorplan Financing Costs	-	-	-	35,000	-	-	-	30,000	-	-	-	25,000
Service & Parts Inventory	20,160	18,720	24,480	25,920	26,640	27,360	25,200	25,200	25,200	25,200	25,200	25,200
Marketing & Advertising	7,000	-	4,500	-	5,000	-	4,500	-	6,000	-	-	4,500
Security Costs	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-
Technology & Software	450	-	-	-	450	-	-	-	450	-	-	-
Debt Service & Lease Payments	-	-	-	1,217	-	-	-	1,217	-	-	-	-
Maintenance & Repairs	-	-	-	6,000	-	-	-	-	6,000	-	-	-
Auto and travel	800	1,200	2,200	1,800	500	950	1,400	1,000	1,800	1,400	1,500	1,600
Telecommunication and IT fees	-	-	-	5,400	-	-	-	5,000	-	-	-	-
Office and general	-	25	-	65	120	-	25	-	65	200	-	190
Bank charges and interest	20	-	10	4,800	30	20	20	-	4,300	40	30	20
Utilities	-	-	-	8,876	-	-	-	9,000	-	-	-	9,000
HST paid on disbursements	3,693	2,593	4,053	16,448	4,252	3,680	4,046	15,426	5,137	3,484	3,471	5,264
	459,736	322,738	366,818	568,611	455,075	318,143	390,936	655,098	546,747	435,824	473,585	573,924
<b>Net Cash-flow from operations</b>	13,364	102,382	(8,628)	(143,441)	33,280	96,417	17,539	(145,133)	18,708	131,131	13,380	(85,959)
<b>Cash balance - end of period</b>	\$ 115,096	217,478	208,850	65,409	98,689	195,106	212,645	67,511	86,220	217,351	230,731	144,772

**Notes**

- The forecast assumes the company will sell approximately 18 new cars per month at an average selling price of \$68,000, taking into account historical results and management's estimate in light of current circumstances.

2. The forecast assumes the company will sell approximately 8 used cars per month at an average selling price of \$38,000, taking into account historical results and management's estimate in light of current circumstances.
3. The analysis assumes customer deposits are included in the total sale price.
4. Represents management's estimate, based on historical results adjusted for current circumstances.
5. Historically, the company's parts and accessories sales are two times service revenue.
6. Presented on a net cash flow basis.
7. Represents the net cash flow from the sale of wholesale vehicles.
8. Represents the collection of the Company's opening AR over the forecast period.

# **Schedule B**

Dixie Chrysler Ltd.

**ZPI AMENDED STATEMENT OF PROJECTED CASH FLOW  
FOR THE PERIOD ENDED JUNE 29, 2025**

**DRAFT - For Discussion Purposes**

			Current Week									
			ZPI Adjustments	ZPI Notes								
Week starting			21-Apr-25	28-Apr-25	5-May-25	12-May-25	19-May-25	26-May-25	2-Jun-25	9-Jun-25	16-Jun-25	23-Jun-25
Week ending			27-Apr-25	4-May-25	11-May-25	18-May-25	25-May-25	1-Jun-25	8-Jun-25	15-Jun-25	22-Jun-25	29-Jun-25
			Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10
Cash balance - beginning of period	A	1	(4,126)	(24,311)	(207,620)	(185,376)	(101,756)	(96,514)	(271,682)	(264,748)	(146,142)	(144,798)
Cash receipts			-	-								
New Car Sales			204,000	204,000	272,000	204,000	204,000	272,000	340,000	340,000	272,000	272,000
Used Car Sales		2	38,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000
Customer Deposits			-	-	-	-	-	-	-	-	-	-
Service Revenue			17,000	18,000	18,500	19,000	17,500	17,500	17,500	17,500	17,500	17,500
Parts & Accessories Sales			34,000	36,000	37,000	38,000	35,000	35,000	35,000	35,000	35,000	35,000
Detailing & Car Wash												
Finance & Insurance Commissions, net		5	7,243	9,203	10,964	9,203	9,203	10,964	12,725	12,725	10,964	10,964
Trade-In & Wholesale Sales, net			2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Accounts Receivable Collections	B		7,000	6,000	7,000	9,000	8,500	10,500	7,500	8,250	8,000	8,500
Manufacturer Incentives & Rebates			-	20,000	-	-	-	18,000	-	-	-	-
Government Rebates			-	-	-	-	-	-	-	-	-	-
Loan/Floorplan Drawdowns			-	-	-	-	-	-	-	-	-	-
Other receipts			2,600	3,250	3,900	3,250	3,250	3,900	4,550	4,550	3,900	3,900
HST collected on sales			38,090	43,420	52,455	43,810	43,225	52,065	60,905	60,905	52,065	52,065
Disbursements												
Salaries and wages			84,242	-	79,083	-	83,245	-	92,295	-	90,751	-
Rent/Lease Costs			-	78,463	-	-	-	78,463	-	-	-	-
Commissions expense			-	-	-	-	-	-	-	-	-	-
Subcontractor expense			-	-	-	-	-	-	-	-	-	-
HST remittance	C	3	-	124,680	-	-	-	148,778	-	-	-	162,135
Payroll Deductions Remittance			-									
Insurance			13,633	-	-	13,633	-	-	-	-	13,633	-
New Vehicle Purchases			199,500	199,500	266,000	199,500	199,500	266,000	332,500	332,500	266,000	266,000
Used Vehicle Purchases		2	38,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000
Floorplan Financing Costs		4	-	35,000	-	-	-	30,000	-	-	-	25,000
Service & Parts Inventory			24,480	25,920	26,640	27,360	25,200	25,200	25,200	25,200	25,200	25,200
Marketing & Advertising			4,500	-	5,000	-	4,500	-	6,000	-	-	4,500
Security Costs			-	-	-	-	-	-	-	-	-	-
Professional Fees		6	-	15,498	-	-	-	15,498	-	-	-	15,498
Technology & Software			-	-	450	-	-	-	450	-	-	-
Debt Service & Lease Payments			-	1,217	-	-	-	1,217	-	-	-	-
Maintenance & Repairs			-	6,000	-	-	-	-	6,000	-	-	-
Auto and travel			2,200	1,800	500	950	1,400	1,000	1,800	1,400	1,500	1,600
Telecommunication and IT fees			-	5,400	-	-	-	5,000	-	-	-	-

Office and general	-	65	120	-	25	-	65	200	-	190
Bank charges and interest	10	4,800	30	20	20	-	4,300	40	30	20
Utilities	-	8,876	-	-	-	9,000	-	-	-	9,000
HST paid on disbursements	4,053	18,463	4,252	3,680	4,046	17,441	5,137	3,484	3,471	7,278
	370,618	601,682	458,075	321,143	393,936	673,596	549,747	438,824	476,585	592,422
Net Cash-flow from operations	(20,185)	(183,309)	22,244	83,620	5,242	(175,167)	6,933	118,606	1,344	(113,993)
<b>Cash balance - end of period</b>	<b>\$ (24,311)</b>	<b>(207,620)</b>	<b>(185,376)</b>	<b>(101,756)</b>	<b>(96,514)</b>	<b>(271,682)</b>	<b>(264,748)</b>	<b>(146,142)</b>	<b>(144,798)</b>	<b>(258,791)</b>

### ZPI Adjustments

Opening Cash Balance Adjusted as below:

Closing balance as per Bank Account from April 24, 2025 as \$441,110.33

Less - Accrued Money for approved 9 Dixie Deals - \$320,000

Less - Amount Owed under Revolving Line of Credit - \$125,236.59

- A Net Adjusted Cash Balance is (-)\$ 4,126
- B Account Receivables collection adjusted to 50% as Dixie did not provide backup or clarification for estimate used for collections amount.
- C Correct HST Amount Payable for March 2025 has been inserted as provided by Dixie

### Notes per ZPI Amendments

- 1 The Actual Cash Balance as of April 7, 2025 is \$101,731.50

As per our Analysis, Dixie had Gross Loss on used Cars of \$63 per 16 Months Average and Gross Profit of \$422 for 12 Months Average from 2024.

In Months of Dec 2024 to Feb 2025, they have consecutively incurred Gross Loss on sale of used vehicles. We amended to

- 2 reflect no profit being made by Dixie on used car sales.
- 3 Dixie will have accrued HST Liability at end of 13 week period of \$206,570 to CRA.

There are Amounts due to be collected by Bank on 3 Vehicle Sales per Payout Finalised for total amount of \$143,034.

4

As per our Analysis, Dixie had Income from Finance and Insurance per car as below:

. New Car - \$1,739 (YTD 12 months) and \$1,761 ( 16 months Average)

. Used Car - \$1,983 (YTD 12 months) and \$1,960 ( 16 months Average)

We amended to reflect per car sale - Finance & Insurance Income as below:

. New Car - \$1,761

- 5 . Used Car - \$1,960

- 6 As per Feb 2025 Internal Financials they incurred \$15,498 as Professional Fees, and we have added it in the Cash Flow Forecast

**Notes by Dixie**

1. The forecast assumes the company will sell approximately 18 new cars per month at an average selling price of \$68,000, taking into account historical results and management's estimate in light of current circumstances.
2. The forecast assumes the company will sell approximately 8 used cars per month at an average selling price of \$38,000, taking into account historical results and management's estimate in light of current circumstances.
3. The analysis assumes customer deposits are included in the total sale price.
4. Represents management's estimate, based on historical results adjusted for current circumstances.
5. Historically, the company's parts and accessories sales are two times service revenue.
6. Presented on a net cash flow basis.
7. Represents the net cash flow from the sale of wholesale vehicles.
8. Represents the collection of the Company's opening AR over the forecast period.
9. **NTD: to be completed.**
10. Represents management's estimate, based on historical results adjusted for current circumstances, including reduction in headcount.
11. Sales commissions are included in salaries and wages, and are calculated based on historical averages.
12. Payment in w/e May 4, 2025 represents known HST payable per prior month HST filing. See reconciliation schedule below for calculation of HST remittance for remaining payments during the period.
13. Included in salaries and wages line.
14. Not actual vehicle purchases. Represents repayment to RBC for all cars sold during the period.
15. Service and parts inventory cost is calculated as 72% of parts and accessories sales.

This is Exhibit "B" referred to in the Affidavit of Adam Haugh  
sworn before me, this 28th day of April, 2025.



---

*Commissioner for Taking Affidavits*

**From:** [Sanjeev Mitra](#)  
**To:** [Louise.Cohn@omvic.on.ca](mailto:Louise.Cohn@omvic.on.ca)  
**Cc:** [Haugh, Adam \(He/Him/His\)](#); [Sanjeev Mitra](#); [Shaun Parsons](#)  
**Subject:** FW: Dixie Chrysler Ltd  
**Date:** April 17, 2025 4:51:20 PM  
**Attachments:** [image001.png](#)

---

Good day Louise.

I am counsel for Royal Bank of Canada in respect of the above-referenced matter.

Do you have consent from the company to discuss anything which is not in public domain? We will have to comply with confidentiality obligations.

We are happy to speak to you at a time convenient. We can say that the bank has brought a Receivership application. The decision was reserved and has yet to be released.

Thanks

Sanj

**Sanjeev Mitra**, B.Sc., LL.B.

T 416.865.3085  
F 416.863.1515  
E [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

**Aird & Berlis LLP** | Lawyers  
Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Canada M5J 2T9 | [airdberlis.com](http://airdberlis.com)



This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error. If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

---

**From:** Louise Cohn <[Louise.Cohn@omvic.on.ca](mailto:Louise.Cohn@omvic.on.ca)>  
**Sent:** Thursday, April 17, 2025 4:07 PM  
**To:** Haugh, Adam (He/Him/His) <[adam.haugh@rbc.com](mailto:adam.haugh@rbc.com)>  
**Subject:** Dixie Chrysler Ltd

[External]/[Externe]

Good afternoon Adam,



I understand you have carriage of this file and was wondering if you could give me a call at your earliest convenience. The only contact information I have for you is your email.

We are the regulator for car dealers in Ontario and I understand that RBC has filed an application for an appointment of a receiver.

I would like to discuss the current status and future steps RBC might take that may have an impact on consumers.

I can be reached at 905-460-5345.

Thank you in advance.

**Louise Cohn**

Senior Compliance Inspector



**Ontario Motor Vehicle Industry Council**

65 Overlea Boulevard, Suite 300

Toronto, Ontario M4H 1P1

Cell: 905-460-5345

E-mail: [louise.cohn@omvic.on.ca](mailto:louise.cohn@omvic.on.ca)

Web: [www.omvic.on.ca](http://www.omvic.on.ca)

Help for dealers: [dealers@omvic.on.ca](mailto:dealers@omvic.on.ca)

**Assisting dealers in achieving and maintaining compliance with the MVDA and Code of Ethics**

OMVIC is dedicated to assisting dealers in achieving and maintaining compliance with the MVDA and Code of Ethics. This includes the inspections of registered dealers' books and records.


Should dealers have a compliance-related inquiry, please contact the Dealer Support team at 1-800-943-6002 ext. 4 or [dealers@omvic.on.ca](mailto:dealers@omvic.on.ca). Messages are returned in priority sequence.

---

If you received this email in error, please advise the sender (by return email or otherwise) immediately. You have consented to receive the attached electronically at the above-noted email address; please retain a copy of this confirmation for future reference.

Si vous recevez ce courriel par erreur, veuillez en aviser l'expéditeur immédiatement, par retour de courriel ou par un autre moyen. Vous avez accepté de recevoir le(s) document(s) ci-joint(s) par voie électronique à l'adresse courriel indiquée ci-dessus; veuillez conserver une copie de cette confirmation pour les fins de référence future.

This is Exhibit "C" referred to in the Affidavit of Adam Haugh  
sworn before me, this 28th day of April, 2025.



---

*Commissioner for Taking Affidavits*

---

**From:** Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>  
**Sent:** April 22, 2025 11:10 AM  
**To:** Danny Nunes <[dn@capstonelegal.ca](mailto:dn@capstonelegal.ca)>  
**Cc:** Allan Rutman <[aar@zeifmans.ca](mailto:aar@zeifmans.ca)>; Sudhanshu Marwaha <[sma@zeifmans.ca](mailto:sma@zeifmans.ca)>; Cristian Delfino <[cdelfino@airdberlis.com](mailto:cdelfino@airdberlis.com)>; Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>  
**Subject:** RE: Dixie Chrysler Ltd

Danny, thank you for your email.

You have not explained why the first buyer would not agree to pay sufficient funds to repay the creditors let alone the bank once it completed due diligence. To be clear, the bank does not wish for your client to control the sale or liquidation of the business. It wishes a qualified receiver to take these steps.

With respect to the HST, Zeifman initially advised the debtor that HST was to be remitted directly to CRA. Your client was not segregating the funds or injecting funds to pay the HST being generated from sales as well as amounts owed to the bank. It appears that your client was purporting to sell vehicles for amounts insufficient to pay both the floor plan liability and the HST. The cash flow you have delivered does accurately reflect the operations of the business. Your client is out of operating funds.

With respect to OMVIC, you do not appear to be concerned that your client is selling to consumers without any arrangement in place to pass clear title. Please confirm that your client consents to our client and its agents speaking to the investigator at ONVIC.

Finally, we note that no where did your email respond the account overdraft or the funding of the ongoing operating liabilities of the business. How can it continue to operate without funds and in overdraft?

We reserve our right to respond to any remaining issues if circumstances warrant.

**Sanjeev Mitra**, B.Sc., LL.B.  
Partner

T 416.865.3085  
E [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

**Aird & Berlis LLP** | Lawyers

Aird & Berlis LLP operates as a multi-disciplinary practice.

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error. If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

---

**From:** Danny Nunes <[dn@capstonelegal.ca](mailto:dn@capstonelegal.ca)>  
**Sent:** April 20, 2025 11:55 AM  
**To:** Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>  
**Cc:** Allan Rutman <[aar@zeifmans.ca](mailto:aar@zeifmans.ca)>; Sudhanshu Marwaha <[sma@zeifmans.ca](mailto:sma@zeifmans.ca)>; Cristian Delfino

[<cdelfino@airdberlis.com>](mailto:cdelfino@airdberlis.com)

**Subject:** RE: Dixie Chrysler Ltd

Sanj,

Your statement that the business has failed to set aside any funds to pay the accruing HST obligation appears to ignore the fact that in providing payout statements under the protocol, Zeifman is requiring not only that all sale proceeds from any sale be remitted to the bank, but also that any amount attributable to HST also be remitted to the bank. As such, to the extent that a director's liability is arising because HST is not being remitted, something which it is our understanding is not in fact the case, it may be arising, at least in part, on account of the bank's decision to scoop all proceeds from any vehicle sales, including amounts attributable to HST.

As for the sale transaction, you are correct that Dixie Chrysler entered into an LOI with one party and after the due diligence period under the LOI (which Dixie Chrysler successfully expedited in recognition of time being of the essence), it was determined that the parties would not proceed further in negotiating definitive documentation. Dixie Chrysler pivoted quickly to another party that submitted an LOI through a dealership broker, the same party whose LOI was included in our responding materials in the receivership. The decision to proceed with the second party's LOI was based on readily available financing and initial indications of value. In negotiating with both parties, Dixie Chrysler has maintained the position that the definitive financial terms of any deal must be such that the bank is repaid, in full.

As for OMVIC, it completed what in effect was a financial audit of the dealership. It is our understanding based on the questions put to us by OMVIC that there did not appear to be any concerns arising out of the company's financials. Questions were put to Dixie Chrysler and responses were provided and we have yet to hear back from OMVIC regarding any possible follow up questions or further information that is needed.

Lastly, I did not realize that you were privy to why the Court reserved its decision on your client's receivership application. I attended the hearing as you did and do not recall the judge conveying her reasons for why she reserved her decision at the end of the hearing. Based on your email, the Court reserved based on my submissions (and my submissions alone apparently) that a deal would be in place within a month or so. On its face, the statement is incorrect seeing as though our materials clearly requested a period of 90 days to allow the company to explore the expressions of interest that had already been made regarding a going concern transaction for the dealership and to canvas further interested parties. As such, any implication in your email that my submissions to the Court were somehow misleading clearly has no basis in the evidentiary record before the Court.

Regards,

**Danny M. Nunes\***

**M:** (416) 414-3311

**E:** [dn@capstonelegal.ca](mailto:dn@capstonelegal.ca)



1370 Hurontario Street  
Mississauga, ON L5G 3H4

[www.capstonelegal.ca](http://www.capstonelegal.ca)

\*Practicing through a Professional Corporation

---

**From:** Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>  
**Sent:** April 19, 2025 10:27 AM  
**To:** Danny Nunes <[dn@capstonelegal.ca](mailto:dn@capstonelegal.ca)>  
**Cc:** Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>; Allan Rutman <[aar@zeifmans.ca](mailto:aar@zeifmans.ca)>; Sudhanshu Marwaha <[sma@zeifmans.ca](mailto:sma@zeifmans.ca)>; Cristian Delfino <[cdelfino@airdberlis.com](mailto:cdelfino@airdberlis.com)>  
**Subject:** FW: Dixie Chrysler Ltd

Danny, I have not heard from you since my last email to you, attached.

Please take notice that the borrower's account with the bank is now subject to an unauthorized overdraft in the sum of \$232,040.84. Please advise how and when this overdraft will be retired and funding made available to the business to permit it to operate.

We further note that the business has failed to set aside any funds to pay the accruing HST obligation which constitutes a director's liability along with employee wages earned and not paid beyond WEPP.

We understand that the sale transaction that the borrower was working on has been abandoned and there is nothing tangible which will close imminently to repay the bank.

Please see below the latest email from an OMVIC Compliance Inspector which is investigating your client. No doubt this is to ensure that vehicles which are sold to consumers are transferred are sold free and clear of liens. In this regard, your client is ignoring the Zeifman sales protocol. Vehicles are being sold without making arrangements to discharge the PPSA liens on vehicles the debtor wishes to convey. The bank has been clear on its position and this is only going to create problems for consumers which fall squarely at the feet of your client. Management's actions are eroding any value in the business and it appears clear that this business is insolvent. RBC has sought a receiver but the Court reserved based on your submissions that a deal would be in place within a month or so.

Given the lack of funding, lack of firm sale transaction and impact to consumers, is your client now prepared to write to Madam Justice Shaw to consent to the Receivership order?

Sanj

**Sanjeev Mitra**, B.Sc., LL.B.  
Partner

T 416.865.3085  
E [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

**Aird & Berlis LLP** | Lawyers

Aird & Berlis LLP operates as a multi-disciplinary practice.

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error. If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

---

**From:** Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>  
**Sent:** April 17, 2025 4:51 PM  
**To:** [Louise.Cohn@omvic.on.ca](mailto:Louise.Cohn@omvic.on.ca)  
**Cc:** Haugh, Adam (He/Him/His) <[adam.haugh@rbc.com](mailto:adam.haugh@rbc.com)>; Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>; Shaun Parsons <[sparsons@airdberlis.com](mailto:sparsons@airdberlis.com)>  
**Subject:** FW: Dixie Chrysler Ltd

Good day Louise.

I am counsel for Royal Bank of Canada in respect of the above-referenced matter.

Do you have consent from the company to discuss anything which is not in public domain? We will have to comply with confidentiality obligations.

We are happy to speak to you at a time convenient. We can say that the bank has brought a Receivership application. The decision was reserved and has yet to be released.

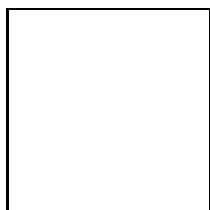
Thanks

Sanj

**Sanjeev Mitra**, B.Sc., LL.B.

T 416.865.3085  
F 416.863.1515  
E [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

**Aird & Berlis LLP** | Lawyers  
Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Canada M5J 2T9 | [airdberlis.com](http://airdberlis.com)



This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error.  
If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

---

**From:** Louise Cohn <[Louise.Cohn@omvic.on.ca](mailto:Louise.Cohn@omvic.on.ca)>  
**Sent:** Thursday, April 17, 2025 4:07 PM  
**To:** Haugh, Adam (He/Him/His) <[adam.haugh@rbc.com](mailto:adam.haugh@rbc.com)>  
**Subject:** Dixie Chrysler Ltd

[External]/[Externe]

Good afternoon Adam,

I understand you have carriage of this file and was wondering if you could give me a call at your earliest convenience. The only contact information I have for you is your email.

We are the regulator for car dealers in Ontario and I understand that RBC has filed an application for an appointment of a receiver.

I would like to discuss the current status and future steps RBC might take that may have an impact on consumers.

I can be reached at 905-460-5345.

Thank you in advance.

**Louise Cohn**

Senior Compliance Inspector



**Ontario Motor Vehicle Industry Council**

65 Overlea Boulevard, Suite 300

Toronto, Ontario M4H 1P1

Cell: 905-460-5345

E-mail: [louise.cohn@omvic.on.ca](mailto:louise.cohn@omvic.on.ca)

Web: <https://link.edgепilot.com/s/ac5b03ae/EcBZE6leSESlR6zlVaaadQ?u=http://www.omvic.on.ca/>

Help for dealers: [dealers@omvic.on.ca](mailto:dealers@omvic.on.ca)

**Assisting dealers in achieving and maintaining compliance with the MVDA and Code of Ethics**

OMVIC is dedicated to assisting dealers in achieving and maintaining compliance with the MVDA and Code of Ethics. This includes the inspections of registered dealers' books and records.

Should dealers have a compliance-related inquiry, please contact the Dealer Support team at **1-800-943-6002 ext. 4** or [dealers@omvic.on.ca](mailto:dealers@omvic.on.ca). Messages are returned in priority sequence.

---

If you received this email in error, please advise the sender (by return email or otherwise) immediately. You have consented to receive the attached electronically at the above-noted email address; please retain a copy of this confirmation for future reference.

Si vous recevez ce courriel par erreur, veuillez en aviser l'expéditeur immédiatement, par retour de courriel ou par un autre moyen. Vous avez accepté de recevoir le(s) document(s) ci-joint(s) par voie électronique à l'adresse courriel indiquée ci-dessus; veuillez conserver une copie de cette confirmation pour les fins de référence future.



This is Exhibit "D" referred to in the Affidavit of Adam Haugh  
sworn before me, this 28th day of April, 2025.



---

*Commissioner for Taking Affidavits*

---

**From:** Danny Nunes <[dn@capstonelegal.ca](mailto:dn@capstonelegal.ca)>

**Sent:** April 25, 2025 12:07 AM

**To:** Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>

**Cc:** Allan Rutman <[aar@zeifmans.ca](mailto:aar@zeifmans.ca)>; Sudhanshu Marwaha <[sma@zeifmans.ca](mailto:sma@zeifmans.ca)>; Cristian Delfino <[cdelfino@airdberlis.com](mailto:cdelfino@airdberlis.com)>

**Subject:** RE: Dixie Chrysler Ltd



**This message needs your attention**

- Some Recipients have never replied to this person.

Report or Mark Safe

Sanj,

The first buyer did not specify why it would not pay more and there was no indication from them that their choice not to pay more was a result of something discovered during the course of their due diligence. Any offer will contain a component attributable to the dealership's vehicle inventory which would be financed by way of a floor plan facility from a lender. Where there was some discrepancy as to value with the first buyer was on the amount they were prepared to pay for the remainder of the assets, such as accounts receivable and parts. I can advise that the second buyer, with whom the dealership has executed an LOI (this was the LOI that was submitted with our responding materials and which was amended after further negotiation between the parties), has allocated a sizable amount of the purchase price to the non-vehicle inventory assets.

With respect to the HST matter, in the ordinary course the bank would be able to pay towards its indebtedness the amount of HST which it had financed as part of the purchase of a vehicle by the company. However, in the ordinary course, the company would sell that car at a profit (before taking into consideration any further add-ons, warranties, etc.) and the HST attributable to that profit portion would be paid to the company and it would have to remit that amount to CRA. However, under the protocol, the bank is taking all HST payable and allocating it towards its debt. As a result, the company cannot remit any HST funds to CRA. If the bank is prepared to remit those HST funds directly to CRA, given that those funds are impressed with a trust in favour of CRA, the company would not object.

Further in that regard, to the extent that any director liability arises as a result of the bank's decision to take those HST funds and pay down its indebtedness, that director liability arises on account of the bank's actions. I do not act for Mr. Brennan in his capacity as a director of the company but presumably he would reserve all of his rights and remedies as against the bank should the bank's actions regarding the HST funds give rise to any liability on his part to CRA.

With respect to the Zeifman protocol itself, the protocol effectively means that the sale of any vehicle by the company requires that it pay the gross sale proceeds to the bank, failing which the bank will refuse to discharge its PPSA registration. In other words, notwithstanding that a Receiver has not been appointed and the company continues to operate, the bank has decided that not only will it not extend credit to the company (which concededly is within the bank's discretion under the credit agreement), the bank will also take whatever portion of the gross sale proceeds that

otherwise would be kept by the company and will apply that to its indebtedness. On what basis is the bank permitted to do that? Please specify exactly where the credit agreement stipulates that such a remedy is available to the bank.

Finally, under the protocol, the bank has also taken funds from the company's account and drawn on the company's operating line *prior* to the company actually selling a vehicle. By way of example, the company's CFO is sending proposed vehicle sales to Zeifman for approval, however, prior to an agreement being executed and the vehicle being delivered and/or cash transferred by the customer in respect of the sale, the bank is pre-emptively taking the proceeds from the company which was most recently done by way of increasing the operating line of credit which caused the overage that you noted in your April 19th email.

Regards,

**Danny M. Nunes\***

**M:** (416) 414-3311

**E:** [dn@capstonelegal.ca](mailto:dn@capstonelegal.ca)



1370 Hurontario Street  
Mississauga, ON L5G 3H4  
[www.capstonelegal.ca](http://www.capstonelegal.ca)

\*Practicing through a Professional Corporation

---

**From:** Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>

**Sent:** April 22, 2025 11:10 AM

**To:** Danny Nunes <[dn@capstonelegal.ca](mailto:dn@capstonelegal.ca)>

**Cc:** Allan Rutman <[aar@zeifmans.ca](mailto:aar@zeifmans.ca)>; Sudhanshu Marwaha <[sma@zeifmans.ca](mailto:sma@zeifmans.ca)>; Cristian Delfino <[cdelfino@airdberlis.com](mailto:cdelfino@airdberlis.com)>; Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>

**Subject:** RE: Dixie Chrysler Ltd

Danny, thank you for your email.

You have not explained why the first buyer would not agree to pay sufficient funds to repay the creditors let alone the bank once it completed due diligence. To be clear, the bank does not wish for your client to control the sale or liquidation of the business. It wishes a qualified receiver to take these steps.

With respect to the HST, Zeifman initially advised the debtor that HST was to be remitted directly to CRA. Your client was not segregating the funds or injecting funds to pay the HST being generated from sales as well as amounts owed to the bank. It appears that your client was purporting to sell vehicles for amounts insufficient to pay both the floor plan liability and the HST. The cash flow you have delivered does accurately reflect the operations of the business. Your client is out of operating funds.

With respect to OMVIC, you do not appear to be concerned that your client is selling to consumers without any arrangement in place to pass clear title. Please confirm that your client consents to our client and its agents speaking to the investigator at ONVIC.

Finally, we note that no where did your email respond the account overdraft or the funding of the ongoing operating liabilities of the business. How can it continue to operate without funds and in overdraft?

We reserve our right to respond to any remaining issues if circumstances warrant.

**Sanjeev Mitra**, B.Sc., LL.B.  
Partner

T 416.865.3085  
E [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

**Aird & Berlis LLP** | Lawyers

Aird & Berlis LLP operates as a multi-disciplinary practice.

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error. If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

---

**From:** Danny Nunes <[dn@capstonelegal.ca](mailto:dn@capstonelegal.ca)>  
**Sent:** April 20, 2025 11:55 AM  
**To:** Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>  
**Cc:** Allan Rutman <[aar@zeifmans.ca](mailto:aar@zeifmans.ca)>; Sudhanshu Marwaha <[sma@zeifmans.ca](mailto:sma@zeifmans.ca)>; Cristian Delfino <[cdelfino@airdberlis.com](mailto:cdelfino@airdberlis.com)>  
**Subject:** RE: Dixie Chrysler Ltd

Sanj,

Your statement that the business has failed to set aside any funds to pay the accruing HST obligation appears to ignore the fact that in providing payout statements under the protocol, Zeifman is requiring not only that all sale proceeds from any sale be remitted to the bank, but also that any amount attributable to HST also be remitted to the bank. As such, to the extent that a director's liability is arising because HST is not being remitted, something which it is our understanding is not in fact the case, it may be arising, at least in part, on account of the bank's decision to scoop all proceeds from any vehicle sales, including amounts attributable to HST.

As for the sale transaction, you are correct that Dixie Chrysler entered into an LOI with one party and after the due diligence period under the LOI (which Dixie Chrysler successfully expedited in recognition of time being of the essence), it was determined that the parties would not proceed further in negotiating definitive documentation. Dixie Chrysler pivoted quickly to another party that submitted an LOI through a dealership broker, the same party whose LOI was included in our responding materials in the receivership. The decision to proceed with the second party's LOI was based on readily available financing and initial indications of value. In negotiating with both parties, Dixie Chrysler has maintained the position that the definitive financial terms of any deal must be such that the bank is repaid, in full.

As for OMVIC, it completed what in effect was a financial audit of the dealership. It is our understanding based on the questions put to us by OMVIC that there did not appear to be any concerns arising out of the company's financials. Questions were put to Dixie Chrysler and responses were provided and we have yet to hear back from OMVIC regarding any possible follow up questions or further information that is needed.

Lastly, I did not realize that you were privy to why the Court reserved its decision on your client's receivership application. I attended the hearing as you did and do not recall the judge conveying her reasons for why she reserved her decision at the end of the hearing. Based on your email, the Court reserved based on my submissions (and my submissions alone apparently) that a deal would be in place within a month or so. On its face, the statement is incorrect seeing as though our materials clearly requested a period of 90 days to allow the company to explore the expressions of interest that had already been made regarding a going concern transaction for the dealership and to canvas further interested parties. As such, any implication in your email that my submissions to the Court were somehow misleading clearly has no basis in the evidentiary record before the Court.

Regards,

**Danny M. Nunes\***

**M:** (416) 414-3311

**E:** [dn@capstonelegal.ca](mailto:dn@capstonelegal.ca)



1370 Hurontario Street  
Mississauga, ON L5G 3H4

[www.capstonelegal.ca](http://www.capstonelegal.ca)

\*Practicing through a Professional Corporation

---

**From:** Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>

**Sent:** April 19, 2025 10:27 AM

**To:** Danny Nunes <[dn@capstonelegal.ca](mailto:dn@capstonelegal.ca)>

**Cc:** Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>; Allan Rutman <[aar@zeifmans.ca](mailto:aar@zeifmans.ca)>; Sudhanshu Marwaha <[sma@zeifmans.ca](mailto:sma@zeifmans.ca)>; Cristian Delfino <[cdelfino@airdberlis.com](mailto:cdelfino@airdberlis.com)>

**Subject:** FW: Dixie Chrysler Ltd

Danny, I have not heard from you since my last email to you, attached.

Please take notice that the borrower's account with the bank is now subject to an unauthorized overdraft in the sum of \$232,040.84. Please advise how and when this overdraft will be retired and funding made available to the business to permit it to operate.

We further note that the business has failed to set aside any funds to pay the accruing HST obligation which constitutes a director's liability along with employee wages earned and not paid beyond WEPP.

We understand that the sale transaction that the borrower was working on has been abandoned and there is nothing tangible which will close imminently to repay the bank.

Please see below the latest email from an OMVIC Compliance Inspector which is investigating your client. No doubt this is to ensure that vehicles which are sold to consumers are transferred are sold free and clear of liens. In this regard, your client is ignoring the Zeifman sales protocol. Vehicles are being sold without making arrangements to discharge the PPSA liens on vehicles the debtor wishes to convey. The bank has been clear on its position and this is only going to create problems for consumers which fall squarely at the feet of your client. Management's actions are eroding any value in the business and it appears clear that this business is insolvent. RBC has sought a receiver but the Court reserved based on your submissions that a deal would be in place within a month or so.

Given the lack of funding, lack of firm sale transaction and impact to consumers, is your client now prepared to write to Madam Justice Shaw to consent to the Receivership order?

Sanj

**Sanjeev Mitra**, B.Sc., LL.B.  
Partner

T 416.865.3085

E [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

**Aird & Berlis LLP** | Lawyers

Aird & Berlis LLP operates as a multi-disciplinary practice.

---

**From:** Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>  
**Sent:** April 17, 2025 4:51 PM  
**To:** [Louise.Cohn@omvic.on.ca](mailto:Louise.Cohn@omvic.on.ca)  
**Cc:** Haugh, Adam (He/Him/His) <[adam.haugh@rbc.com](mailto:adam.haugh@rbc.com)>; Sanjeev Mitra <[smitra@airdberlis.com](mailto:smitra@airdberlis.com)>; Shaun Parsons <[sparsons@airdberlis.com](mailto:sparsons@airdberlis.com)>  
**Subject:** FW: Dixie Chrysler Ltd

Good day Louise.

I am counsel for Royal Bank of Canada in respect of the above-referenced matter.

Do you have consent from the company to discuss anything which is not in public domain? We will have to comply with confidentiality obligations.

We are happy to speak to you at a time convenient. We can say that the bank has brought a Receivership application. The decision was reserved and has yet to be released.

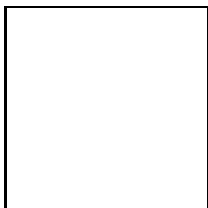
Thanks

Sanj

**Sanjeev Mitra**, B.Sc., LL.B.

T 416.865.3085  
F 416.863.1515  
E [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

**Aird & Berlis LLP** | Lawyers  
Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Canada M5J 2T9 | [airdberlis.com](http://airdberlis.com)



---

**From:** Louise Cohn <[Louise.Cohn@omvic.on.ca](mailto:Louise.Cohn@omvic.on.ca)>  
**Sent:** Thursday, April 17, 2025 4:07 PM  
**To:** Haugh, Adam (He/Him/His) <[adam.haugh@rbc.com](mailto:adam.haugh@rbc.com)>  
**Subject:** Dixie Chrysler Ltd

[External]/[Externe]

Good afternoon Adam,

I understand you have carriage of this file and was wondering if you could give me a call at your earliest convenience. The only contact information I have for you is your email.

We are the regulator for car dealers in Ontario and I understand that RBC has filed an application for an appointment of a receiver.

I would like to discuss the current status and future steps RBC might take that may have an impact on consumers.

I can be reached at 905-460-5345.

Thank you in advance.

**Louise Cohn**

Senior Compliance Inspector



**Ontario Motor Vehicle Industry Council**

65 Overlea Boulevard, Suite 300

Toronto, Ontario M4H 1P1

Cell: 905-460-5345

E-mail: [louise.cohn@omvic.on.ca](mailto:louise.cohn@omvic.on.ca)

Web: <https://link.edgепilot.com/s/ac5b03ae/EcBZE6leSESIR6zlVaaadQ?u=http://www.omvic.on.ca/>

Help for dealers: [dealers@omvic.on.ca](mailto:dealers@omvic.on.ca)

**Assisting dealers in achieving and maintaining compliance with the MVDA and Code of Ethics**

OMVIC is dedicated to assisting dealers in achieving and maintaining compliance with the MVDA and Code of Ethics. This includes the inspections of registered dealers' books and records.

Should dealers have a compliance-related inquiry, please contact the Dealer Support team at **1-800-943-6002 ext. 4** or [dealers@omvic.on.ca](mailto:dealers@omvic.on.ca). Messages are returned in priority sequence.

---

If you received this email in error, please advise the sender (by return email or otherwise) immediately. You have consented to receive the attached electronically at the above-noted email address; please retain a copy of this confirmation for future reference.

Si vous recevez ce courriel par erreur, veuillez en aviser l'expéditeur immédiatement, par retour de courriel ou par un autre moyen. Vous avez accepté de recevoir le(s) document(s) ci-joint(s) par voie électronique à l'adresse courriel indiquée ci-dessus; veuillez conserver une copie de cette confirmation pour les fins de référence future.

Applicant

Respondent

Court File No. CV-25-00001143-0000

	<p><b>ONTARIO</b> <b>SUPERIOR COURT OF JUSTICE</b> <b>Proceedings commenced at Brampton</b></p> <p><b>AFFIDAVIT OF ADAM HAUGH</b> <b>(sworn April 28, 2025)</b></p> <p><b>AIRD &amp; BERLIS LLP</b> Barristers and Solicitors Brookfield Place 181 Bay Street, Suite 1800 Toronto, ON M5J 2T9</p> <p><b>Sanjeev P. R. Mitra (LSO # 37934U)</b> Tel: (416) 865-3085 Fax: (416) 863-1515 Email: <a href="mailto:smitra@airdberlis.com">smitra@airdberlis.com</a></p> <p><b>Shaun Parsons (LSO # 81240A)</b> Tel: (416) 637-7982 Email: <a href="mailto:sparsons@airdberlis.com">sparsons@airdberlis.com</a></p> <p><i>Lawyers for Royal Bank of Canada</i></p>
--	--