ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: **CL-26-00000342-0000** **DATE: AUGUST 07, 2026**

NO. ON LIST: 7

TITLE OF PROCEEDING: **BANK OF MONTREAL**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 13498140 CANADA INC., 2717922 ONTARIO INC., 1000208180 ONTARIO INC., TRINITY CAR SALES INC., 1000841404 ONTARIO INC., 13517683 CANADA INC., 12332248 CANADA INC., 1000454978 ONTARIO INC., 1986096 ONTARIO INC., 1001087905 ONTARIO INC., DOWNTOWN AUTO CENTRE LTD., TRINITY CAR AND TRUCK RENTAL INC., TRINITY AUTO INC., LARRY HUDSON FAMILY HOLDINGS INC. AND 1000493417 ONTARIO INC.

BEFORE: **JUSTICE W.D. BLACK**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Maleeha Anwar Harvey Chaiton Danish Afroz	Counsel for the Applicants	manwar@chaitons.com harvey@chaitons.com dafroz@chaitons.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
John D. Leslie David Z. Seifer	Counsel for the Respondents	jleslie@dwlaw.com dseifer@dwlaw.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Heather Fisher Clifton Prophet	Counsel for the Proposed Monitor	heather.fisher@gowlingwlg.com clifton.prophet@gowlingwlg.com

ENDORSEMENT

Overview

[1] BMO (in this endorsement I will use this and other terms as defined in the parties' materials) seeks an Initial Order under the CCAA in respect of the Debtors (also referred to as the Trinity Auto Group).

[2] The Trinity Auto Group operates a multi-location automotive enterprise across the Greater Toronto Area and southwestern Ontario. BMO has been financing these operations by way of a number of operating, vehicle-floorplan, leasing, goodwill and real-estate credit facilities with aggregate authorized borrowing limits of approximately $80.9 million.

[3] It is not disputed that the Debtors are in default under these credit facilities. As at July 24, 2026, the aggregate principal and accrued interest owing to BMO was approximately $85.2 million. BMO has demanded repayment of all outstanding amounts and delivered Notices of Intention to Enforce Security pursuant to s. 244 of the BIA.

[4] For reasons discussed below, BMO has determined that independent court supervision is required, and seeks CCAA protection, as senior secured creditor, to stabilize the business and to implement the necessary restructuring, including meaningful controls over cash, vehicle inventory, sale proceeds and material operational decisions.

Relevant Aspects of Background

[5] The detailed facts underlying this application are set out in the affidavit of Daniel To sworn August 5, 2026, and in the Pre-Filing Report of the Proposed Monitor dated August 6, 2026. Without retracing the detailed ground covered in those materials, I will highlight aspects of the Debtors' and their business, the circumstances leading to BMO bringing this application, as well as the specific protections sought by BMO in this Initial Order and expected to be sought in subsequent orders. I will also touch in the course of the discussion on the reasons – which I accept – inclining BMO to seek a CCAA order rather than a receivership.

[6] Within the Debtors' integrated automotive group are four franchised new-vehicle dealerships, two used-vehicle dealerships, a vehicle rental business, towing services, automotive-service businesses and commercial real estate assets.

[7] The Debtors are closely held private corporations, each controlled by James Boban, who is listed as a director of every Debtor and who has been the principal representative with whom BMO has dealt.

[8] The Debtors employ approximately 144 individuals, and, in addition, 18 independent contractors provide services in connection with the Debtors' towing operations.

[9] BMO's role as banker for the Trinity Auto Group began in 2020. As the Trinity Auto Group expanded, BMO provided additional credit facilities for the various aspects of the growing business.

[10] These various credit facilities were most recently amended and restated under the Credit Agreement, dated August 29, 2025, providing for an aggregate authorized borrowing limit of approximately $80.9 million. BMO also provided separate real estate financing – the Advance Boulevard Financing – for the Advance Boulevard Property. The Debtors' liabilities under the Credit Agreement are joint and several.

[11] The Trinity Auto Group rapidly expanded in the last few years, materially increasing it working-capital, floorplan and fixed debt-service requirements. As of early 2026 BMO, likely in part because of the very (and perhaps unduly) rapid expansion, began to develop material concerns regarding the Debtors' liquidity, floorplan exposure, inventory controls and financial reporting.

[12] In early July of this year, a reconciliation based on physical inventory counts identified 264 vehicles that had been sold and delivered to customers without required repayment of the corresponding BMO floorplan advances. The aggregate amount of the advances associated with these "sold-in-violation" – SIV – vehicles totaled approximately $13 million.

[13] As of July 16, 2026, approximately $43.5 million was outstanding under the $35 million new-vehicle floorplan facility.

[14] The Debtors thus have no availability under their existing new-vehicle credit facilities, and management has acknowledged that they have no available funds to cure the identified SIV deficiency.

[15] BMO has also learned that a subordinate charge has been registered against the Advance Boulevard Property without BMO's knowledge, let alone its required consent.

[16] On July 29, 2026, the CRA served BMO with a "requirement to pay" pursuant to the *Income Tax Act* in respect of 2717922 Ontario Inc.("271"), which operates Oakville Mitsubishi, asserting that 271 owes CRA $213,981.96 in outstanding corporate income taxes, and requiring BMO to remit to CRA amounts that BMO would otherwise pay or advance to 271. As a result of receiving the Requirement to Pay, BMO has frozen 271's bank account.

[17] As noted, as at July 24, 2026, the aggregate amount of principal and accrued interest owed by the Debtors to BMO under the Credit Agreement and the Advance Boulevard Financing was approximately $85.2 million, excluding further interest, fees, costs and expenses.

[18] The Indebtedness is supported by an extensive security package granted by the borrowers and guarantors.

[19] The facilities were payable on demand to the extent set out in the Credit Agreement, and in addition the repayment and reporting breaches constituted defaults under applicable General Security Agreements, and the unauthorized subordinate charge on the Advance Boulevard Property constituted a default under the Advance Boulevard Financing and mortgage documents.

BMO Demands Repayment

[20] On July 27, 2026, in these circumstances, BMO demanded repayment from the borrower and guarantors and delivered Notices of Intention to Enforce Security under s. 244(1) of the BIA. The Indebtedness has not been repaid.

[21] Given the deficiencies that have become evident in the Debtors' controls over cash, vehicle inventory, sale proceeds and significant operational decisions, BMO asserts, reasonably, that it has lost confidence that management can stabilize the business and implement the necessary restructuring without independent court supervision and meaningful controls.\

[22] It is clear that the Debtors are insolvent and face an immediate liquidity crisis. The claims against them substantially exceed $5 million.

[23] Based on the Cash Flow Forecast, the Debtors do not have sufficient liquidity to continue operating in the ordinary course and/or to satisfy their obligations as they become due without the Interim Facility and the protections afforded by the CCAA.

[24] BMO, understandably, is not prepared to provide further funding outside a formal court-supervised process. Subject to the Initial Order being granted and the terms of the Interim Term Sheet, BMO is prepared to provide the Interim Facility to fund the Debtors' working-capital requirements and the costs of these proceedings.

Need for Court Protection and Supervision

[25] I accept, as BMO asserts, that immediate court protection is required to avoid an uncontrolled cessation of operations, to protect the Debtors' vehicle inventory and sale proceeds, to maintain employment and preserve relationships with OEMs, customers, suppliers, retail financing partners and other stakeholders.

[26] As noted in passing above, it seems evident that in the rapid multi-faceted expansions undertaken by the Debtors in the last few years, the Debtors' existing controls on cash, on inventory, and on various other material aspects of the business have been in many cases outstripped and shown wanting, such that immediate remedial and restructuring steps are required.

[27] BMO posits, again I think fairly, and supported by the Proposed Monitor, that an immediate receivership and liquidation would likely cause greater disruption than the proposed CCAA proceedings, and increase the risk that OEM relationships, retail financing arrangements, employee and customer relationships and dealership goodwill would be impaired.

[28] BMO also asserts, and again I accept, that a creditor-initiated CCAA proceeding provides the best available opportunity to preserve the Trinity Auto Group's going-concern and dealership franchise value, and to protect its vehicle inventory and cash proceeds, maintain employment, stabilize relationships with key stakeholders and to develop and implement an orderly court-supervised sale process.

Application and Benefit of CCAA

[29] As intimated above, I find that the Debtors are a "debtor company" to which the CCAA applies.

[30] The Debtors have liabilities exceeding $5 million, and are insolvent by reference to the definition of "insolvent person" in subsection 2(1) of the BIA (a typical touchstone for this determination).

[31] Absent the protections afforded by the CCAA there is a material risk of further deterioration in liquidity, additional SIV exposure and impairment of the Debtors' inventory and going-concern value, as well as increased exposure to BMO.

[32] The CCAA proceedings should allow the Businesses to continue operating within their existing corporate, contractual and regulatory framework, thus preserving and retaining management's institutional knowledge and ensuring that the necessary restructuring, cash management and sale process are directed by the Monitor under the supervision of the court.

Confirmation of Proposed Monitor

[33] I am also persuaded that there are appropriate grounds for the appointment of Goldhar as Monitor. It has consented to act in that capacity, is well-qualified and experienced for that role, and is a licensed trustee within the meaning of s. 2 of the BIA.

[34] Moreover, Goldhar has already been retained by BMO as a financial advisor in connection with the Debtors' financial difficulties and dealings with BMO. In that capacity, Goldhar has completed comprehensive assessments of inventory and other aspect of the Businesses, and is familiar with the Debtors' operations and other aspects of the Businesses.

[35] I note in that regard that Goldhar is supportive of the relief sought by BMO at this stage.

The Stay

[36] Section 11.02 of the CCAA provides this court with the jurisdiction to grant a stay of proceedings for an initial period of up to 10 days if it is satisfied that circumstances exist that make that order appropriate.

[37] BMO seeks an initial stay of proceedings until August 17, 2026 in respect of the Monitor, the Debtors and their property, to afford them the breathing room to stabilize operations in an orderly manner for the benefit of all stakeholders. The Stay Period will allow the Monitor to work with the Debtors's employees and management to stabilize operations and protect the asset base. Among other things, the stay of proceedings will prevent the CRA from enforcing the Requirement to Pay during the Stay Period, subject to the terms of the Initial Order and applicable law.

[38] A stay is also sought in favour of the Debtors' current directors and officers, in order to ensure their continued involvement in the restructuring and orderly wind-down efforts, and to prevent creditors from circumventing the stay by potentially pursuing claims against the directors and officers rather than against the Debtors themselves.

[39] During the Initial Stay Period, BMO intends to work with the proposed Monitor to achieve an efficient transition of control over the Businesses.

Debtors Consent to Application

[40] I should point out that the Debtors, represented by counsel before me, do not oppose the Initial Order, and have expressed their intention to work with BMO and the proposed Monitor to preserve, to the extent possible, the operations of the Businesses on a going-concern basis, and otherwise to maximize value for all stakeholders.

Interim Financing Facility and Charge

[41] As noted, in connection with and subject to the proposed Initial Order (and beyond) BMO, in its capacity as the Interim Lender, is prepared to provide a super-priority, non-revolving demand credit facility to the Borrowers in a maximum principal amount of $3.5 million. Under the Interim Facility, the Borrowers may obtain advances of up to $500,000 in the aggregate prior to the Comeback Hearing.

[42] The Interim Facility will provide the Debtors with the immediate financing necessary to fund working-capital requirements and to meet cash-flow obligations during the Stay Period and beyond.

[43] BMO also seeks an Interim Financing Charge over the Debtors' property in favour of the Interim Lender to secure all obligations owing under the Interim Facility. The Interim Financing Charge is proposed to rank above all other encumbrances, but below the Administrative Charge.

[44] I am satisfied that pursuant to section 11.2 of the CCAA the court may make an order approving an interim financing facility and that, in this case the interim facility enhances the prospects of a viable compromise or arrangement being realized. There is no evidence currently before me that any creditor will be materially

prejudiced as a result of the proposed financing facility (and related charge), and BMO confirms that no secured creditors who have not been served with the application record will be primed by the Interim Financing Charge. I find that the terms of the facility are also limited to what is reasonably necessary for the continued operation of the Debtors in the ordinary course for the period of the Interim Facility. I note and rely on the fact that the proposed Monitor has reviewed the terms of the Interim Facility and recommends it.

Enhanced Powers of Monitor

[45] It is a critical component of the proposed order that the proposed Monitor is to have expanded powers.

[46] Section 23(1)(k) empowers the court to authorize a Monitor to perform any additional functions it considers appropriate in the circumstances, and this court has granted expanded powers to monitors in CCAA proceedings.

[47] The proposed Initial Order provides that the Monitor, in addition to and without limiting its prescribed rights under the CCAA, is authorized and empowered, but not required, to exercise powers set out in the Initial Order, including powers otherwise exercisable by a board of directors or any officers of the Debtors, including, among other powers:

(a) The ability to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) The ability to manage, operate and carry on the Businesses, including but not limited to reducing the inventory levels;

(c) Authorization to exercise control over the Cash Management System and every bank account held in the name of the Debtors, to open one or more new accounts, and to direct the deposit and disbursement of funds, and issue binding directions to any financial institution maintaining an account of the Debtors;

(d) The power to approve, direct, restrict or prohibit the purchase, sale, lease, transfer, wholesale disposition, dealer trade, re-chatteling, re-aging or other dealing with any other motor vehicle or vehicle inventory;

(i) To execute, assign, issue and endorse documents of whatever nature in respect of the Property;

(ii) To perform such functions, enter into such agreements and incur such obligations as the Monitor considers necessary or desirable to facilitate or assist the winding-down or liquidation of the Debtors, the realization or sale of the Property, and the distribution of net proceeds subject to further Order where required;

(iii) To notify suppliers, original equipment manufacturers, franchisors, regulators, lessors and other stakeholders to advise of the commencement of these proceedings and the continued obligations of such Persons under existing agreements with the Debtors; and

(iv) To execute the Interim Term Sheet and any document or agreement related thereto for and on behalf of the Debtors and take such steps and actions as the Monitor deems reasonably necessary or advisable in connection with the Interim Facility.

[48] I note that with respect to the London Used Car Superstore, the Trinity Auto Group had intended to shut down and liquidate this Business as it has proved not viable. The only parties with PPSA registrations against Trinity Car Sales Inc. (which operates the London Used Car Superstore) are BMO and the TD Bank, and BMO understands that TD Bank's registrations were made in anticipation of a proposed refinancing that did not proceed, and that TD Bank has not made any loan, and is not owed any money, by the Debtors.

[49] BMO expresses the view, with which I agree, that the enhanced powers proposed for the Monitor are necessary protections to have in place throughout the proposed CCAA proceedings to ensure that appropriate steps are taken to progress towards successful sales and cost-effective realizations of the Debtors' assets.

Administrative Charge

[50] The applicant also seeks a first priority court-ordered Administrative Charge in the amount of $350,000 to secure the professional fees and disbursements of the Monitor and its counsel at their standard rates and charges, whether incurred before or after the date of the Initial Order.

[51] Section 11.52 of the CCAA authorizes administrative charges. Cases have considered various factors in determining whether an administrative charge is appropriate. Among other such considerations, I note the size and complexity of the business being restructured, that the quantum of the proposed charge appears to be fair and reasonable, and that the proposed Monitor supports it.

Directors' Charge

[52] The proposed Directors' Charge is in the amount of $250,000 in order to secure the indemnity of the current officers and directors for liabilities they may incur during these CCAA proceedings. The Directors' Charge is to rank subordinate to the Administrative Charge and the Interim Financing Charge.

[53] Section 11.51 of the CCAA authorizes such charges in favour of directors in appropriate circumstances. This court has frequently granted such charges in order to keep the directors and officers in place during restructurings by providing them with protections against potential liabilities that could be incurred during the restructuring proceedings.

[54] Here, the evidence shows that the directors and officers have considerable experience and knowledge of the Debtors' Businesses that will be critical during these CCAA proceedings, including with respect to efforts to preserve value, maximize recovery for stakeholders and to maintain ordinary-course operations. The directors and officers have advised that they are prepared to provide continued service and to be involved in these CCAA proceedings if the Directors' Charge is granted.

[55] As is typical, the Directors' Charge would only cover obligations and liabilities that directors and officers may incur after the commencement of the CCAA proceedings, and does not cover wilful misconduct or gross negligence.

[56] BMO and the proposed Monitor have reviewed the quantum of the Directors' Charge and opine that it is reasonable in the circumstances.

Continued Use of Cash Management System

[57] It is proposed that the Debtors will be authorized to continue to use their existing cash management system, and to make further advances, in consultation with the Monitor. The Debtors' cash management system is

centralized primarily through its operating accounts at BMO with certain accounts for Ancillary Operations at TD Bank.

[58] Given the nature and scale of the Debtors' operations through the cash management system, BMO and the proposed Monitor advise that the continued use of the existing cash management system, but with the direct involvement of the Monitor, is necessary and appropriated during these CCAA proceedings. Continued use of the system will minimize disruption to the Debtors' Businesses and promote stability at this critical juncture.

Choice of CCAA

[59] I note that the proposed Monitor expressly supports BMO's choice to commence this CCAA proceeding in the circumstances of this case, rather than, in particular, receivership proceedings.

[60] The reasons which I accept, and many of which have been touched on above, are manifold.

[61] First, the size and scope of the Businesses, including the operation of four OEM Dealerships and multiple other businesses, gives rise to the need for the additional control and stability afforded by the CCAA.

[62] As noted above, the perception of both BMO and the Monitor is that CCAA proceedings in these circumstances, again given the greater level of control associated with such proceedings, will tend to create relatively less turmoil in the market, as compared to a receivership.

[63] It is also an important consideration that the Dealerships operate in provincially regulated industries, and are required to maintain valid dealer licenses and related permits in the jurisdictions in which they operate, and that the Dealerships are regulated in particular by OMVIC. The Monitor, if appointed with the enhanced powers, intents to continue operations under the existing licenses and to liaise with OMVIC as necessary in that regard.

[64] The Proposed Monitor has carefully reviewed, and helped management to prepare, a 13-week cash flow forecast. The Proposed Monitor's concerns about this 13-week cash flow forecast informed the Proposed Monitor's support for the Interim Facility and Interim Financing Charge, and its strong view that the Facility and the Charge are necessary and appropriate in the circumstances.

Initial Order Granted

[65] On the basis of the evidence presented, summarized in part above, I am prepared to grant all of the relief sought by way of the Initial Order.

Comeback Hearing

[66] There is a comeback hearing booked for August 17, 2026.

W.D. BLACK J.

DATE: AUGUST 7, 2026