Court File No. CL-26-00000342-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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.

SECOND SUPPLEMENT TO THE SECOND REPORT OF GOLDHAR & ASSOCIATES LTD. AS THE CCAA MONITOR

September 7, 2026

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INTRODUCTION

1. This second supplement to the Second Report of the Monitor dated September 7, 2026 (the "**Second Supplement to the Second Report**") has been prepared by Goldhar & Associates Ltd., in its capacity as the Court-appointed Monitor of 13498140 Canada Inc. ("**Stratford Kia**"), 2717922 Ontario Inc. ("**Oakville Mitsubishi**"), 1000208180 Ontario Inc. ("**Stratford Nissan**"), 1000841404 Ontario Inc. ("**Mississauga Chrysler**"), Trinity Car Sales Inc. ("**Trinity Car Sales**"), 13517683 Canada Inc. ("**1351 Canada**"), 12332248 Canada Inc. ("**1233 Canada**"), 1000454978 Ontario Inc. ("**1000 Ontario**"), 1986096 Ontario Inc. ("**1986 Ontario**"), 1001087905 Ontario Inc. ("**1001 Ontario**"), Downtown Auto Centre Ltd. ("**Downtown Auto Centre**"), Trinity Car and Truck Rental Inc. ("**Trinity Car and Truck Rental**"), Trinity Auto Inc. ("**Trinity Auto Inc.**"), Larry Hudson Family Holdings Inc. ("**Hudson Family Holdings**"), and 1000493417 Ontario Inc. ("**Commercial Plaza**") (collectively, the "**Trinity Auto Group**", the "**Debtors**" or the "**Companies**").

2. Capitalized terms not otherwise defined herein have the meanings given to them in the Second Report.

3. This Second Supplement to the Second Report is submitted to provide the Court with information regarding:

   (a) a response to the evidence set out in the affidavit of Denna Jalili affirmed September 7, 2026.

FURTHER CORRESPONDENCE WITH RESPONDENTS

4. The Monitor received a letter from TGF, counsel to Trinity Auto Group, dated September 6, 2026, at 11:48pm.

5. The Monitor, by its counsel, Gowling WLG (Canada) LLP ("**Gowlings**"), provided a response by letter dated September 7, 2026. Attached as **Appendix "A"** is a copy of the response letter.

All of which is respectfully submitted this 7th day of September 2026.

GOLDHAR & ASSOCIATES LTD, in its capacity as Proposed Monitor of the Trinity Auto Group, and not in its corporate or personal capacity.

Evan MacKinnon, CFA, CIRP, LIT
Senior Managing Director

APPENDIX A

Heather Fisher
Partner
Direct 416-369-7202
Assistant
Heather.fisher@gowlingwlg.com

File no. G10139874

September 7, 2026

Via Email,

DJMiller@tgf.ca; djalili@tgf.ca

Attention: DJ Miller

Dear Ms. Miller:

Re: Respondents' Inquiries to Monitor

We are writing to you to address certain questions raised by Respondents' counsel over the past week, including those set out in your letters dated August 31 (the "**Aug 31 Letter**") and late last night (the "**Sept 6 Letter**") and by email dated September 3, 2026 (the "**Sept 3 Email**"), which included a significant number of inquiries (collectively, the "**Respondents' Inquiries**").

As a preliminary point, the Monitor takes issue with the Respondents' characterization, including in a sworn affidavit submitted to the Court, that their inquiries have gone unanswered during this time period. This is simply factually incorrect. Counsel to the Monitor has had multiple phone calls with counsel to the Respondents over the past week to keep them updated on timing, the relief sought, and to receive further questions from the Respondents, as well as to triage the most urgent of inquiries immediately by providing real-time updates to the Respondents as they were available. Counsel to the Monitor made clear that it would provide more fulsome responses to the Respondents Inquiries in due course, but that the Monitor's priority over the past week was to get motion materials served as soon as possible. The Monitor also further provided draft orders as soon as they were available and advised that it would serve its Motion Record but invited further conversations.

This approach was in line with the call on August 27 between counsel to the Monitor, Respondents and BMO (the "**Aug 27 Call**"), where the parties agreed that it was in all stakeholders' best interest for the parties to work together and the Monitor's position on that call that letter writing campaigns do not serve that purpose.

Privilege Protocol

The Monitor confirmed on the Aug 27 Call that the Monitor had not accessed any correspondence between current or former counsel to the Respondents and the Respondents.

Counsel to the Monitor further confirmed by phone call with counsel to Respondents on September 1 (immediately upon receipt of the Aug 31 Letter) that the Monitor provided instructions immediately following the Aug 27 Call to the Monitor to establish an email quarantine protocol to ensure no potentially privileged correspondence between Respondents and their counsel would be accessed.

Sale Process

Your Sept 3 Email includes a laundry list of criticisms of the proposed SISP. These have a common theme. They are premised on the assumption that the Monitor's powers under the Initial Order and the ARIO, neither of which your clients opposed, can be countermanded by the Respondents. This is incorrect and is a collateral attack on these Orders of the Court, in particular, the following provisions, which we reproduce for clarity:

> **24. THIS COURT ORDERS** that the Monitor, in addition to and without in any way limiting its prescribed rights pursuant to the CCAA, is hereby authorized and empowered, but not required, to exercise the following powers, including powers otherwise exercisable by a board of directors or any officers of the Debtors, as applicable, and among other things:
>
> (d) exercise any consent, approval or decision-making rights of the Debtors with respect to the Businesses and the Property;

These and other provisions fully empower the Monitor, as court officer, to establish an appropriate sale process for the Businesses. It has done so in relation to the SISP. Unless and until the provisions of Initial Order and the ARIO are varied (for which there would be no basis), the Monitor's exclusive powers over these matters cannot be challenged by former management and that is not their role. The Monitor further notes that the SISP itself, contrary to the characterizations set out in your Sept 3 Email reflects a fair and reasonable process in the context of a creditor-led CCAA and in circumstances where the former principal of the business cannot account for what now appear to be up to $16.9 million of proceeds of sale of vehicles sold in violation of agreements with the Respondents' senior secured lender.

Similar considerations apply to your attacks on the selection of BDO as Sales Agent. In this regard, we again direct you to the ARIO (and the Initial Order), and in particular the following provision exclusively empowering the Monitor to:

> (h) engage, continue, amend or terminate the engagement of consultants, appraisers, agents, experts, auditors, accountants, managers, counsel, licensed motor vehicle dealers, dealer operators, a sales agent or other Persons, on such terms as the Monitor considers appropriate, to assist with the exercise of its powers and duties;

As evidenced by the summary of the proposals received for the Sales Agent role, which as noted below the Monitor will provide upon obtaining your client's undertaking as to confidentiality, the Monitor's choice of the Sales Agent following a competitive process is amply justified and reflects the commercial judgement of a court officer fully empowered to make this decision. On its face, the Sales Agent Engagement itself, which appears as a public appendix to the Second Report, is reasonable and either at or better than market. In particular, we note that the engagement provides for a fixed fee for any dealership sales completed.

<u>Request for Confidential Supplement</u>

The Respondents have requested a copy of the Confidential Supplement that was provided to the Court. The Confidential Supplement addresses two issues: (a) selection of the Sales Agent, and (b) details of the Key Employee Retention Plan, including details of the employees and proposed amounts to be paid for each under the KERP.

In accordance with the Monitor's specific and exclusive power noted above to engage a sales agent, the Monitor solicited and reviewed the proposals of five proposed Sales Agents and selected BDO as the proposed Sales Agent. The Monitor reported on the solicitation process and selection of BDO as the proposed Sales Agent at paragraphs 61-66 of the Second Report of the Monitor dated September 3, 2026 (the "**Second Report**").

That said, to address the Respondents inquiries about the selection of BDO as Sales Agent, the Monitor is willing to provide a copy of a table summarizing and comparing the sales agent proposals received and set out in the Confidential Supplement, upon receiving your confirmation that you and your clients will hold it in confidence.

Additionally, the Monitor notes that the unredacted Sales Agent Engagement Letter has been provided in the Second Report at Appendix "F".

The Monitor does not believe it is necessary or appropriate to provide the Respondents with the Confidential Supplement, in particular because prejudice to individual employees benefitting from the KERP could be significant. Disclosure and debate about beneficiaries is likely to have the exact opposite effect to what is intended, by reducing employee morale and encouraging debate about who is included and who is not. The commercial decision to designate those who are to benefit is at the core to the power and discretion granted to the Monitor in the Initial Order and the ARIO.

<u>Resizing of the D&O Charge</u>

As confirmed by phone calls with counsel to the Respondents, the Monitor is working with the Chief Financial Officer to address the Respondents inquiries about the appropriate sizing of the D&O Charge. The Respondents' records of vacation taken and whether it was paid or not, as well as the existence and the Respondents' application of any vacation pay policy, have proved to be inconsistent and unreliable. As a result, the Monitor must manually review the records and reconcile the vacation pay actually paid and the basis for its accrual in order to determine actual entitlements. That determination must be made before any meaningful discussion about resizing the D&O Charge can take place. The Monitor will continue to work with the Chief Financial Officer and the Companies' human resources employees to address these questions.

<u>Monitor's Engagement of Agents</u>

As noted above, pursuant to paragraph 24(h) of the ARIO, the Monitor is empowered to engage consultants, agents, experts, etc. In accordance with these powers, the Monitor retained three consultants to assist with the operations of the Dealerships and the ancillary operations. The Monitor reported on the need for and retention of consultants at paragraphs 16-27 of the Second Report.

<u>Termination Decisions</u>

Pursuant to the ARIO at paragraph 10(b), the Monitor is empowered, on behalf of the Debtors, to "terminate the employment of such employees or temporarily lay of such employees as the Monitor considers appropriate". In accordance with the Monitor's powers, the Monitor terminated certain employees, including Boban James. The Monitor reported on its decision to terminate these employees at paragraphs 28-29 of the Second Report.

OMVIC / OEM Notification of Boban James Termination

The Respondents advised that Boban James was listed as the "person in charge" and flagged the Respondents understanding of the potential regulatory requirements associated the termination of Boban James. The Respondents also advised that certain dealership agreements required disclosure of any change in management.

The Monitor can advise that OMVIC and the OEM's have been given notice of Boban James' termination and, where necessary, the Monitor has received confirmation that no further compliance steps arising from Boban James' termination need to be taken by the Respondents. The Monitor reported on this at paragraphs 30-32 of the Second Report. The Monitor believes this is sufficient to address the Respondents inquiries and that it is not appropriate or proportionate to provide any further documentation.

LOIs as Potential Stalking Horse

On August 25, 2026, the Respondents provided any specific details about three LOIs for the first time, and even then, the Respondents did not provide the LOIs or provide the particulars about the parties to the LOIs. On Aug 27, the Monitor advised that negotiating LOI's was not the proper role of the Respondents and that the Respondents should connect the potential LOI parties with the Monitor and Sales Agent, once appointed, so that the Monitor and Sales Agent could properly evaluate the LOIs, including whether a stalking horse bid might be viable or appropriate.

The Monitor maintains that it is appropriate for the Respondents to direct the LOI parties to the Monitor and, once appointed, Sales Agent. To date, the Monitor has not received any correspondence from the LOI parties.

TD Bank Accounts

The Monitor provided an update in the Second Report at paragraphs 33-42 on its efforts to determine the scope of the Respondents banking with TD since its appointment.

Your Sept 6 Letter takes issue with the characterization of certain TD accounts as being "undisclosed" and both your Aug 31 Letter and Sept 6 Letter call into question what the Monitor (or BMO) knew and when about the Respondents accounts with TD bank.

To date, the Monitor has identified seven (7) TD accounts used by the Respondents or related entities and the Monitor has been requesting information about the identified TD accounts since its appointment and was not receiving timely responses from the Respondents. Three (3) accounts are associated with the Ancillary Operations, one (1) account the Respondents identified as being associated with 2509555 Ontario Inc., a related non-Respondent entity, and the remaining three (3) were unknown and showed significant activity relating to the Ancillary Operations. As a result, starting on August 12, 2026, the Monitor repeatedly requested additional information about the remaining three (3) accounts from the Respondents, but were not provided the requested information until August 20, more than a week later. Even then, the response from the Respondents was for the Chief Financial Officer to describe the accounts only as "deposit accounts" and for a member of the accounting team to provide 120 pages of physical statement documents from the period of February 1 to July 31, 2026 for three (3) known accounts. Having reviewed the statements and through discussions directly with TD, the Monitor identified that one of the accounts is associated with Mississauga Chrysler. The Respondents did not provide this information but did confirm once the Monitor discovered this information and asked for confirmation that one of the accounts was associated with Mississauga Chrysler. The Monitor still does not have sufficient information about the remaining two (2) accounts.

On Friday, September 4, 2026, TD finally granted the Monitor direct access to the Respondents TD accounts. As set out in paragraph 42 of the Second Report, the Monitor is in the process of reviewing the electronic statements to determine the use of each account and the inflow/outflow inquiries that had previously been made to the Respondents. Since Friday, the Monitor has identified two (2) VISA accounts associated with the Businesses that had not previously been disclosed to the Monitor by the Respondents.

<u>"Sold-in-Violation" Vehicles</u>

The Monitor does not take a position on the Respondents comments in the Sept 7 Letter regarding the history of "sold-in-violation" ("**SIV**") vehicles.

From the Monitor's view, Steinberg Advisory Corp. ("**SAC**") was engaged on May 15, 2026 to, among other things, assist the Respondents in conducting a review of the SIVs, including determining the scope and quantum of the issue. As of June 17, 2026, the quantum of known SIVs was ~$3.17 million at the Mississauga Chrysler location. Goldhar & Associates Ltd. was retained by BMO on June 22, 2026 to conduct a further reconciliation. As of July 3, 2026, the quantum of known SIVs had increased to more than $13 million for all Dealerships. The Monitor has continued to assess the scope and quantum of pre-filing SIVs and, as of today's date, the quantum continues to grow and is estimated to be approximately $16.9 million.

From the Monitor's view, regardless of when the parties were aware that vehicles were being sold-in-violation, the known scope and quantum of the issue has continued to grow and is materially worse today than it was at any prior point in time.

We trust the above-noted responses address the Respondents Inquiries or indicate where the Monitor is still seeking additional information, which will be provided in due course, as appropriate. We note your direct correspondence to Justice Dunphy of today's date suggesting that you will seek "a short adjournment" of the motion to approve the SISP and the KERP and for the related relief. We are instructed to oppose this request, as delay in the circumstances only exacerbates the losses being incurred in relation to these insolvent Businesses.

Sincerely,

Heather Fisher

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