



Amended by the order of
Mr. Justice Stephens granted
February 4, 2024

This is the 1st Affidavit
of _____ his case
and was made on February 3, 2025

No. S-248267
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44,
THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF SAN INDUSTRIES LTD.,
AND THOSE PARTIES LISTED ON SCHEDULE "A"

PETITIONERS

AFFIDAVIT

I, _____ AFFIRM

THAT:

1. I am a Senior Director, Special Loans & Advisory Services, with Royal Bank of Canada ("RBC", or the "Bank"), and as such have personal knowledge of the facts hereinafter deposed to, except where stated to be on information and belief, in which cases I verily believe both the information and resulting statement to be true.

2. I am authorized to make this affidavit on behalf of the Bank. Unless otherwise noted, dollar amounts referred to in this affidavit are in Canadian dollars.

A. Introduction

3. This affidavit is sworn in support of the Bank's application for an order (the "Kingsley Group Order") to, among other things, add Kingsley Trucking Ltd. ("Kingsley"), Coombs Shadwell Holdings Ltd. (formerly Robinson Ventures Ltd.) ("Coombs"), 1351697 B.C. Ltd.

("135"), and Cojax Heavy Duty Repair Ltd. ("Cojax", and collectively, the "Kingsley Group") as Petitioners to these proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA").

4. I have read the Notice of Application to be filed in support of the Bank's application for the Kingsley Group Order, and verily believe the facts set forth in Part 2 thereof, to be true.

5. In preparing this affidavit I have reviewed the Bank's documents and records, and, in some cases, relied on information provided to the Bank by Deloitte Restructuring Inc., the court-appointed monitor (in such capacity, the "Monitor") of the current Petitioners in these proceedings (collectively, the "San Group"). Attached as Exhibit "A" is a list of the entities comprising the San Group.

6. To my knowledge, the Bank is the Kingsley Group's only secured creditor (apart from various equipment lessors), and it is owed more than \$6.7 million. The Bank's application for the Kingsley Group Order is largely premised on three bases.

7. *First*, the Kingsley Group is in default of the Credit Agreements (defined below), under which the above indebtedness is owing, and which entitle the Bank to all rights and remedies of a secured party in relation thereto.

8. *Second*, and as further described below, the Kingsley Group consists of companies that are related to the San Group. The two groups share common directors—namely, Kamaljit Singh Sanghera ("Kamaljit") and Sukhjit Singh Sanghera ("Sukhjit")—and the same beneficial owners. Kamaljit and Sukhjit are (or were) both active members in the management of both groups, and the two groups' businesses are closely intertwined through operations and finances.

9. *Third*, and most significantly, throughout these CCAA proceedings, the Monitor has expressed concerns regarding certain aspects of the pre-and-post-filing conduct of the San Group's business, and management's failure to provide accurate responses to the Monitor's questions and requests for information. The Monitor and the Bank's concerns extend to San Group's dealings with the Kingsley Group, and give rise to the need for the Bank to take immediate steps to preserve the Kingsley Group's property.

10. In light of the above, the Kingsley Group Order is sought by the Bank on an urgent basis.

B. Kingsley Group

Operations and Assets

11. The Kingsley Group is in the business of providing trucking transport services. In particular:

- (a) Kingsley: Owns and leases trucks and trailers, which are operated by drivers that it employs. Kingsley also hires drivers as independent contractors who lease or own their own equipment. The San Group is a major customer of Kingsley.
- (b) Coombs: Owns the lands located at 979 Shearme Road, in Errington, British Columbia (the "Coombs Lands"), which it rents to, among others, Kingsley and Cojax. Attached together as Exhibit "B" are copies of Land Title Office and BC Assessment searches in respect of the Coombs Lands, with the latter showing that the Coombs Lands have a 2024 BC Assessment value of approximately \$563,000.
- (c) Cojax: Performs heavy duty equipment repair services, primarily to Kingsley.

12. 135 is the parent company of Kingsley, Coombs, and Cojax. To the best of my knowledge, 135 carries on no operations, and is simply a holding company for its subsidiaries' shares.

13. Attached collectively as Exhibit "C" are copies of the Kingsley Group's compiled financial statements and information for the financial year ended 2023, which are the most recent, complete documents of the kind in the Bank's possession (the "2023 Financials"). Attached as Exhibit "D" is a copy of Kingsley's "forecasted balance sheet" as of December 31, 2024 (the "Forecasted Balance Sheet", and together with the 2023 Financials, the "Recent Financials").

14. Attached collectively as Exhibit "E" are copies of all financial statements in the Bank's possession in respect of the Kingsley Group, audited or unaudited, prepared during the year before the date of this affidavit, pursuant to section 10(2)(c) of the CCAA.

15. The Recent Financials show the Kingsley Group as having current assets, as follows:

- (a) 135: Nil.
- (b) Kingsley: current assets totalling approximately \$7,162,000, primarily:
 - (i) Equipment and vehicles (less amortization): \$2,625,000;
 - (ii) Accounts receivable: \$2,407,000;
 - (iii) Due from 135: \$967,000;
 - (iv) Due from Coombs: \$565,000; and
 - (v) Due from Cojax: \$437,000.
- (c) Coombs: current assets totalling approximately \$2,300,000, primarily:
 - (i) Due from 135: \$1,217,000; and
 - (ii) Property and equipment (including the Coombs Lands): \$1,052,000.
- (d) Cojax: current assets totalling approximately \$1,000,000, primarily:
 - (i) Property and equipment: \$463,000;
 - (ii) Accounts receivable: \$355,000; and
 - (iii) Inventory: \$144,000.

16. When inter-company payables are deducted, the total book value of the Kingsley Group's current assets as reflected in the Recent Financials equals approximately \$7,300,000. With that said, based on my experience with realization proceedings, I understand that the book value of current assets will be materially higher than their realizable value, particularly when it comes to vehicles and equipment.

Corporate Structure and Relationship to the San Group

17. Again, 135 is the parent company of Kingsley, Coombs, and Cojax. In turn, the shares of 135 are owned by the following companies (collectively, the "Shareholder Companies"):

- (a) KSanghera Holdings Ltd. – 32.5%;
- (b) SSanghera Holdings Ltd. – 32.5%;
- (c) 1052035 B.C. Ltd. – 15%;
- (d) IDEOL Holdings Ltd. – 10%;
- (e) Divine Logistics Ltd. – 5%; and
- (f) 1290488 B.C. Ltd. (“129”) – 5%.

18. Attached as Exhibit “F” is an organizational chart showing the Kingsley Group and the Shareholder Companies. Attached collectively as Exhibit “G” are company searches of the Kingsley Group and Shareholder Companies (collectively, the “Company Searches”).

19. The Company Searches show that Kamaljit and Sukhjit (together, the “Personal Guarantors”) are the sole directors of each of the Kingsley Group entities. Further, Jasmin Sanghera, who is Kamaljit’s daughter and also the San Group’s VP of Finance, is one of three directors of 129.

20. Through their respective holding companies, Kamaljit, Sukhjit, and Iqbal Deol (“Iqbal”, and collectively, the “Founders”) own 75% of the shares of 135, and are the beneficial owners of the Kingsley Group.

21. The Founders, through their respective family trusts and holding companies, are also the beneficial owners of the San Group. Attached as Exhibit “H” is the San Group organizational chart, which was attached as Appendix “B” to the First Report of the Monitor dated December 7, 2024 (the “First Report”).

22. In sum: The Kingsley Group and the San Group have the same beneficial owners. The Kingsley Group entities do not produce consolidated financial statements, including with the San Group, but the Recent Financials show significant intercompany amounts payable and receivable as between themselves and San Group entities.

C. Bank Indebtedness

23. The Kingsley Group is indebted to the Bank, on a secured basis, in the amount of more than \$6.7 million, plus interest and costs that continue to accrue.

24. Pursuant to an amended and restated facility letter dated September 19, 2023, as further amended by letter dated December 9, 2024 (together, the "Kingsley Credit Agreement"), issued by the Bank, as lender, to Kingsley, as borrower, and 135, Coombs, Cojax, and the Personal Guarantors, as guarantors, the Bank extended certain credit facilities to Kingsley (collectively, the "Kingsley Credit Facilities"). Attached as Exhibit "I" is a copy of the Kingsley Credit Agreement.

25. Pursuant to a facility letter dated July 11, 2022, as further amended by letters dated September 19, 2023, and December 9, 2024, among the Bank, as lender, Coombs, as borrower, and 135 as covenantor (collectively, the "Coombs Credit Agreement", and together with the Kingsley Credit Agreement, the "Credit Agreements"), the Bank extended a credit facility to Coombs (the "Coombs Credit Facility"). Attached as Exhibit "J" is a copy of the Coombs Credit Agreement.

26. Hereinafter, Kingsley and Coombs shall together be referred to as the "Kingsley Borrowers".

27. Further, the Bank entered into a Master Lease Agreement, as lessor, with Kingsley, as lessee, dated July 15, 2022. Attached collectively as Exhibit "K" is a copy of this Master Lease Agreement, along with leasing schedules dated November 14, 2022, January 31, 2023, and June 13, 2023 (collectively, the "Lease", and together with the Kingsley and Coombs Credit Facilities, the "Credit Facilities").

28. To secure the Kingsley Borrowers' obligations under the Credit Facilities, the Kingsley Borrowers provided, without limitation, the following security to the Bank (collectively, the "Security"). Attached as follows are copies of:

- (a) Exhibit "L", two general security agreements dated July 18, 2022, granted by 135 in favour of the Bank, pursuant to each of the Credit Agreements;

- (b) Exhibit "M", a general security agreement dated July 18, 2022, granted by Kingsley in favour of the Bank;
- (c) Exhibit "N", a general security agreement dated July 18, 2022, granted by Coombs in favour of the Bank;
- (d) Exhibit "O", two general security agreements dated July 18, 2022, and one general security agreement dated October 11, 2022, each granted by Cojax in favour of the Bank, pursuant to each of the Credit Agreements;
- (e) Exhibit "P", a loan and security agreement dated July 22, 2022, granted by Kingsley in favour of the bank, charging in favour of the Bank certain serial numbered equipment; and
- (f) Exhibit "Q", a mortgage and assignment of rents dated July 18, 2022, granted by Coombs in favour of the Bank and registered against the Coombs Lands under charge numbers CB105117 and CB105118.

29. Each of the Kingsley Group and the Personal Guarantors also executed the following documents guaranteeing the indebtedness of the Kingsley Borrowers, which are attached as follows:

- (a) Exhibit "R", three guarantees and postponement of claims granted by 135: (i) dated July 18, 2022, regarding all debts and liabilities of Kingsley to the Bank, limited to the sum of \$5,650,000 plus accrued interest; (ii) dated September 21, 2023, regarding all debts and liabilities of Kingsley to the Bank, limited to the sum of \$6,434,000 plus accrued interest; and (iii) dated July 18, 2022, regarding all debts and liabilities of Coombs to the Bank, limited to the sum of \$1,868,000 plus accrued interest;
- (b) Exhibit "S", a guarantee and postponement of claim dated July 18, 2022, granted by Kingsley, regarding debts and liabilities of Coombs to the Bank, limited to the sum of \$1,868,000 plus accrued interest;

- (c) Exhibit "T", two guarantees and postponement of claims granted by Coombs regarding all debts and liabilities of Kingsley to the Bank: (i) dated July 18, 2022, limited to the sum of \$5,650,000 plus accrued interest; and (ii) dated September 21, 2023, limited to the sum of \$6,434,000 plus accrued interest;
- (d) Exhibit "U", three guarantees and postponement of claims granted by Cojax: (i) dated July 18, 2022, regarding all debts and liabilities of Kingsley to the Bank, limited to the sum of \$5,650,000 plus accrued interest; (ii) dated September 21, 2023, regarding all debts and liabilities of Kingsley to the Bank, limited to the sum of \$6,434,000 plus accrued interest; and (iii) dated July 18, 2022, regarding all debts and liabilities of Coombs to the Bank, limited to the sum of \$1,868,000 plus accrued interest;
- (e) Exhibit "V", two guarantees and postponement of claims granted by Kamaljit dated July 18, 2022: (i) regarding all debts and liabilities of Kingsley to the Bank, limited to the sum of \$5,650,000 plus accrued interest; and (ii) regarding all debts and liabilities of Coombs to the Bank, limited to the sum of \$1,868,000 plus accrued interest; and
- (f) Exhibit "W", two guarantees and postponement of claims granted by Sukhjit dated July 18, 2022: (i) regarding all debts and liabilities of Kingsley to the Bank, limited to the sum of \$5,650,000 plus accrued interest; and (ii) regarding all debts and liabilities of Coombs to the Bank, limited to the sum of \$1,868,000 plus accrued interest.

30. Attached collectively as Exhibit "X" are searches of the BC Personal Property Registry performed on December 24, 2024, which show that—apart from equipment lessors—the Bank is the Kingsley Group's only secured creditor.

Defaults and Demands

31. As set out at paragraphs 66 and 67 of the Affidavit #1 of Sukhjit Singh Sanghera made November 27, 2024 ("Sukhjit #1"), and previously filed in these proceedings, on October 25, 2024, the Bank issued demand letters to the San Group and the Personal Guarantors in respect of

the indebtedness owing under the San Group's credit facilities with the Bank, amounting to more than \$106 million. Attached collectively as Exhibit "Y" are copies of the demand letters issued by the Bank to the Personal Guarantors dated October 25, 2024.

32. As further set out at paragraph 79 of Sukhjit #1, on November 7, 2024, the Business Development Bank of Canada ("BDC") issued demand letters to the San Group and the Personal Guarantors in respect of the indebtedness owing under the San Group's credit facilities with BDC, amounting to more than \$43 million. Attached collectively as Exhibit "Z" are copies of the demand letters issued by BDC to the Personal Guarantors dated November 7, 2024.

33. The Bank's right to make demand on and terminate the Credit Agreements arose on the occurrence of a number of defaults thereunder, including: (a) breaches of certain financial covenants; and (b) the Personal Guarantors being unable to pay their debts as such became due, and there otherwise being a material adverse change in the Personal Guarantors' financial conditions (both indicated by the above-mentioned demands).

34. In light of the forgoing, on or about December 20, 2024, a representative of the Bank wrote by email to, among others, the Personal Guarantors to, among other things: (a) advise that the management of the Kingsley Group's accounts at RBC would be transferred to my department (i.e., Special Loans & Advisory Services), and that further correspondence from the Bank would be coming only from external counsel; and (b) ask for the Kingsley Group's counsel's contact information. Attached as Exhibit "AA" is a copy of this email.

35. On January 15, 2025, through its legal counsel, the Bank made formal demand on the Kingsley Group and the Personal Guarantors for repayment of their indebtedness. Attached collectively as Exhibit "BB" are copies of these demand letters (the "**Kingsley Demands**") and enclosed "Notices of Intention to Enforce Security" pursuant to section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**").

36. On January 20, 2025, counsel for the Kingsley Group—B. Sunny Aujla, at Farris LLP—wrote to the Bank's legal counsel asking to discuss the Kingsley Demands. Since then, counsel for the Bank and the Kingsley Group exchanged emails whereby counsel for the Kingsley Group asked about forbearance.

D. Urgent Need for the Kingsley Group Order

37. The Bank has been active in these CCAA proceedings since their commencement, and I have read the First Report, the Second Report of the Monitor dated December 18, 2024 (the "Second Report"), and the Third Report of the Monitor dated January 13, 2025 (the "Third Report", and, collectively, the "Monitor's Reports").

38. Regarding the Monitor's Reports, the Bank notes the following, which the Monitor describes and defines as being among its Current Concerns:

- (a) BNS Accounts: On November 7, 2024, the Monitor discovered and has since reported on the BNS Accounts (as defined therein), which the San Group opened throughout 2024 and into which it deposited approximately \$13.4 million, with significant payments being made therefrom to "certain related companies" (see: Second Report, paras. 57-62); and
- (b) Related Party Transactions: The Monitor's comments that it has yet to receive complete information regarding various transactions between the San Group and related companies (i.e., the Related Party Transactions) and remains of the view that "there is a need for more transparent, accurate and timely responses to questions and information by Management" (see: Second Report, paras. 39-40).

39. Given the San and Kingsley Groups' common management and ownership, the Bank has similar grave concerns in respect of the Kingsley Group. In particular:

- (a) Decreased Deposits: The Bank notes that since the Kingsley Demands were issued, deposits made by the Kingsley Group into their accounts with RBC have decreased, and certain items have been returned NSF. The Bank understands that the Kingsley Group nonetheless continues to carry on business. The Bank is concerned that the Kingsley Group has opened and is receiving accounts receivable or other monies into non-RBC accounts.
- (b) Related Party Transactions: The Bank understands that the Monitor intends to report that, between about September 2024 and the commencement of these CCAA

proceedings, the San Group made significant payments or disbursements (including pre or other payments for un-invoiced amounts) to entities within the Kingsley Group. The Bank is concerned that, similarly, the Kingsley Group will make significant (potentially gratuitous or undervalue) payments or disbursements to other companies controlled by Kamaljit and Sukhjot.

40. Further, the Bank notes that, as set forth above, a significant portion (approximately \$2.6 million) of the Kingsley Group's current assets comprise mobile equipment and vehicles. In light of the Monitor's Current Concerns, the Bank is concerned that the Kingsley Group will attempt to put such equipment out of reach of execution and realization by the Bank in these or any other enforcement proceedings.

E. Sealing of this Affidavit

41. In addition to bringing an application for the Kingsley Group Order, the Bank also intends to seek an order that this affidavit be filed under seal, but served to the Service List maintained by the Monitor in these proceedings with my name and address redacted.

42. The serious risk in relation to which the sealing of this affidavit is sought is the risk to my personal safety, and that of my colleagues in the Special Loans & Advisory Services department at RBC.

43. In about March 2024, John Lee, who is based in Vancouver, British Columbia, was the representative from the Special Loans & Advisory Services department at the Bank (then HSBC) responsible for the conduct of the San Group's matter. At that time, during which forbearance discussions with the San Group were stalling, John was subsequently removed from the file as a result of having received an email by which the sender threatened his personal safety. In this email, the sender referred to John's involvement with a file involving the "logging industry", and suggested that he give "these ppl more time" otherwise harm would to him. Attached as Exhibit "CC" is a copy of this email.

44. Thereafter, conduct of the San Group matter was transferred to Brian Pettit (now retired), a Senior Director in the Special Loans & Advisory Services Department and based out of Toronto, Ontario. Like John, in about October 2024, Brian received a threatening message of the same kind

John had received, this time by text message. Attached as Exhibit "DD" is an email sent by Brian to a colleague of mine (whose name has been redacted), setting out the text message and the details of its receipt.

45. Both John and Brian reported the above correspondence to their local police departments, where they were recorded as police incidents.

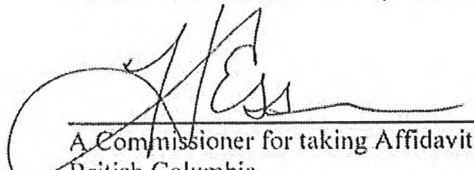
46. I verily believe that filing this affidavit under seal, and redacting my name and address from any public reproduction if it is necessary in order to prevent the risk that I, too, may be threatened as my colleagues have been. Again, I am concerned for my personal safety and that of my colleagues.

G. Remote Commissioning

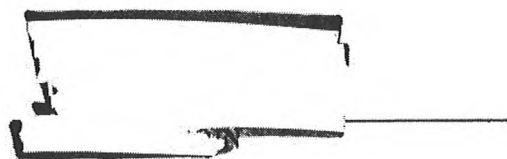
47. I acknowledge the solemnity of making a sworn statement and acknowledge the consequences of making an untrue statement.

48. I was not physically present before the person before whom this affidavit was sworn, but it was in that person's presence using video conferencing.

AFFIRMED BEFORE ME at Vancouver,)
British Columbia on February 3, 2025.)



A Commissioner for taking Affidavits in)
British Columbia)



This affidavit was affirmed utilizing the process for remote commissioning of affidavits set forth in Appendix A of the BC Code of Professional Conduct.

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