

SUPERIOR COURT OF JUSTICE – ONTARIO

7755 Hurontario Street, Brampton ON L6W 4T6

RE: JAGDEEP SANGHA TRANSPORT INC., **plaintiff**

AND:

DAIMLER TRUCK FINANCIAL SERVICES CANADA
CORPORATION, **defendant**

SANGHA, LAKHVIR, **defendant (to the counterclaim)**

BEFORE: Justice McGee

COUNSEL: SINGH, MARRYAM, for the **plaintiff**

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NUNES, DANNY

WILSON, SARA-ANN, for the **defendant**

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HAMRAZ, SHAHRZAD, for the **proposed receiver**

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HEARD: October 1, 2025, heard in-person.

ENDORSEMENT

- [1] At the conclusion of this motion, originally scheduled for September 26, 2025, I granted the Receivership Order sought by Daimler Truck Financial Services Canada Corporation (“Daimler”) for written reasons to follow. These are my reasons.

Background

- [2] Pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”) and section 101 of the *Courts of Justice Act*, R.S.O.

1990, c. C.43, as amended (the “CJA”), Daimler asks for the appointment of Deloitte Restructuring Inc. as a receiver (the “Receiver”) without security, of the 19 commercial motor vehicles (the “Vehicles”) listed in Schedule A to their draft Order.

- [3] The Vehicles were conditionally sold to Jagdeep Sangha Transport Inc. (“Sangha”) subject to a security interest granted to Daimler by Sangha under a series of Conditional Sale Contracts executed between August 24, 2021 and July 9, 2024.
- [4] Sangha is a transportation company operating commercial trucks throughout Canada and North America. In all, Daimler financed Sangha’s acquisition of a total of 39 commercial trucks and trailers, 20 of which are not the subject matter of this proceeding.
- [5] Pursuant to the Conditional Sale Contracts, Daimler retained title to and ownership of the Vehicles and obtained a security interest in the Vehicles and all proceeds thereof, to secure payment of all amounts owing under the Conditional Sale Contracts as well as the enforcement of Daimler’s rights under the Conditional Sale Contracts and all other amounts that may become owing to Daimler thereunder.
- [6] In or around the spring of 2024, Sangha failed to make the monthly payments required under the Conditional Sale Contracts when they were due and failed to provide Daimler with confirmation that the Vehicles were insured. Both the failure to make the monthly payments and to provide the confirmation of insurance constituted breaches of the Conditional Sale Contracts.
- [7] For the balance of 2024 and into early 2025, Daimler attempted to work with Sangha to identify and manage the arrears. Various statements were included within a series of repayment demands, including an April 8, 2025 summary of past due balances totalling \$74,976.02.
- [8] In addition, Daimler issued notices of its intention to enforce security in accordance with section 244 of the BIA. Within each of the demands, Daimler advised Sangha

that if payment or arrangements were not made, Daimler would institute measures to repossess the Vehicles and commence legal proceedings.

- [9] On May 6, 2025, Sangha advised Daimler that it intended to voluntarily surrender 14 of the Vehicles, however, the following day, Sangha reneged on that commitment.
- [10] Daimler attempted on various occasions to recover the outstanding Vehicles over the summer of 2025, without success. Their efforts were often misdirected as a result of false information.
- [11] On July 15, 2025, Sangha issued a statement of claim against Daimler alleging that Daimler's efforts to repossess the Vehicles had been unlawful and taken without any notice or justification. Daimler filed a statement of defence and its own counterclaim. That action is ongoing.
- [12] A final demand was sent to Sangha by Daimler's legal counsel, Dentons Canada LLP, on August 22, 2025. This referenced the demand and BIA notices and stated that Sangha was and remained in default under each of the Conditional Sale Contracts on account of its failure to make the monthly payments set out therein.
- [13] Despite the issuance of the demands and the BIA notices, Sangha failed to cure the arrears or repay its obligations owing to Daimler under the Conditional Sale Contracts. As a result, Daimler now moves for a Receivership Order. The location of the outstanding Vehicles continues to be unknown.

Nature of a Receivership Order

- [14] The test for the appointment of a receiver under section 243 of the BIA and section 101 of the CJA is well established. The court must be satisfied that it is just and convenient to do so having regard to all the circumstances, including the nature of the property and business at issue as well as the rights and interests of all parties. The circumstances include the rights of the secured creditor pursuant to its

security, see *Bank of Nova Scotia v. Freure Village on Clair Creek* (1996), 40 C.B.R. (3d) 274 (Ont. Gen. Div.) at paragraph 10; and *Metropolitan Partners Group Administration, LLC v. International Credit Experts Inc.*, 2024 ONSC 4601, 20 C.B.R. (7th) 185, at para. 21.

- [15] A receiver will be appointed where there is a serious apprehension about the safety of a debtor's assets. Sangha wrongly asserts in law that the burden is on Daimler to prove that Sangha retains possession of vehicles alleged to be missing. This is the equivalent of invoking a "catch-me-if-you-can" threshold and is not permitted.
- [16] In *Canadian Equipment Finance and Leasing Inc. v. The Hypoint Company Limited, 2618905 Ontario Limited, 2618909 Ontario Limited, Beverley Rockliffe and Chantal Bock*, 2022 ONSC 6186, at para. 25, Osborne J. referred to the following factors to consider when determining whether it is appropriate to appoint a receiver:
- a. whether irreparable harm might be caused if no order is made, although ..., it is not essential for a creditor to establish irreparable harm if a receiver is not appointed where the appointment is authorized by the security documentation;
 - b. the risk to the security holder taking into consideration the size of the debtor's equity in the assets and the need for protection or safeguarding of assets while litigation takes place;
 - c. the nature of the property;
 - d. the apprehended or actual waste of the debtor's assets;
 - e. the preservation and protection of the property pending judicial resolution;
 - f. the balance of convenience to the parties;
 - g. the fact that the creditor has a right to appointment under the loan documentation;

- h. the enforcement of rights under a security instrument where the security-holder encounters or expects to encounter difficulties with the debtor;
- i. the principle that the appointment of a receiver should be granted cautiously;
- j. the consideration of whether a court appointment is necessary to enable the receiver to carry out its duties efficiently;
- k. the effect of the order upon the parties;
- l. the conduct of the parties;
- m. the length of time that a receiver may be in place;
- n. the cost to the parties;
- o. the likelihood of maximizing return to the parties; and
- p. the goal of facilitating the duties of the receiver.

[17] These factors are not a checklist but should be considered using a contextual approach to determine if the appointment of a receiver is warranted: *Wang v. Jing*, 2025 ONSC 413, at para. 31, citing *Metropolitan Partners Group Administration, LLC v. International Credit Experts Inc.*, 2024 ONSC 4601, 20 C.B.R. (7th) 185, at para. 24.

[18] Osborne J. also found that it is not essential for the moving party to establish that it will suffer irreparable harm or that the situation is urgent prior to the appointment of a receiver. Osborne J. also noted that “where the evidence respecting the conduct of the debtor suggests that a creditor’s attempts to privately enforce its security will be delayed or otherwise fail, a court-appointed receiver may be warranted”: *Canadian Equipment*, at para. 26.

[19] Where there is a contractual right to seek the appointment of a receiver, as in this case, the burden on the applicant seeking the relief is relaxed: *Elleway Acquisitions*

Limited v. The Cruise Professionals Limited, 2013 ONSC 6866 at paragraph 27 and *iSpan Systems LP*, 2023 ONSC 6212 at paragraph 31.

Legal Test for a Receivership Order Satisfied

- [20] I have reviewed the written record and am satisfied that Sangha has incurred a significant amount of arrears and moreover, as a result of acceleration clauses within the Conditional Sale Contracts, I accept Daimler's calculation that Sangha's indebtedness is in the range of \$3,172,044.94, excluding costs, fees and expenses.
- [21] I am also satisfied that Sangha has attempted to obstruct Daimler in its efforts to recover the 19 outstanding Vehicles, and that it is necessary for a Receiver to be appointed and granted the powers necessary to locate and preserve the Vehicles which are subject to Daimler's security interest.
- [22] The record demonstrates that Sangha has acted in a manner meant to obstruct Daimler's efforts to recover the Vehicles and/or monies owed. Many of the statements within their responding materials in this motion are internally contradictory. A few examples will suffice.
- [23] First, Sangha does not contest the fact that they submitted two loss claims to Manitoba Public Insurance in respect of two damaged Vehicles, received the proceeds of those claims and then did not pay the monies to Daimler, in breach of in the Conditional Sale Contracts.
- [24] Second, Daimler points to Sangha's conduct in stripping identifying information from the outstanding Vehicles in order to conceal their identity and move vehicles to Manitoba or the United States where their title can be amended.
- [25] Third, there is clear evidence that Sangha has relocated some of the Vehicles without Daimler's consent and in breach of the Conditional Sale Contracts. For example, on August 27, 2025, Daimler was advised that their bailiff could attend

at a property being searched by another creditor (“the Bovaird Drive property”) to determine if their outstanding Vehicles remained on the property. Daimler’s bailiff discovered that almost all of the vehicles that had previously been located there had been moved.

- [26] Fourth, Sangha has placed false information in their responding materials regarding vehicles that they assert have already been repossessed. When confronted with such evidence during submissions, counsel deflected the evidence as an administrative error in the VIN number.
- [27] Fifth, there is evidence within this record to support Daimler’s assertion that Sangha has dismantled some of the Vehicles to sell them for parts – an action that would completely erode their value as security.
- [28] Sixth, during the hearing on October 1, 2025, counsel for Sangha attempted to cast doubt on the amount of the arrears and in fact, on whether an amount of arrears can even be calculated given what she describes as haphazard accounting between the parties. At the same time, counsel acknowledged in submissions that her client has had “good faith discussions” regarding arrears and that many certain payments have been returned due to insufficient funds.
- [29] Finally, and most significantly, Sangha asks the court to rely on a series of form affidavits prepared for 14 of their drivers, each of which deposes that:

“on or about [date], a Bailiff from Ritchie Brothers attended at the premises located at [addresses inserted] and took possession of [vehicle description]. At the time of the attendance, the Bailiff did not provide me with any documentation authorizing the seizure of the Vehicle, nor did they explain the reasons for taking possession of it.”

The inference being that the missing vehicles have already been seized and no Receivership Order is needed.

[30] Ritchie Brothers is an auctioneer's service, not a bailiff. Mr. Abu-Qube, a Manager with Daimler answered this allegation in his affidavit of September 30, 2025 by attaching an email from Ritchie Brothers Auctioneers stating, "[w]e don't have these, [w]e wouldn't seize property."

[31] In the face of this evidence, counsel for the plaintiff explained that it might not have been Ritchie Brothers, but another company that seized the vehicles. As a result, I can place no weight on the sworn affidavits of the various drivers.

Conclusion

[32] I find that Daimler has met their onus to demonstrate that it is just or convenient to appoint a Receiver. As of September 5, 2025, Daimler is a secured creditor of Sangha that is owed approximately \$3,200,000. The nature of the property secured by the Conditional Sale Contract makes recovery very difficult.

[33] I am satisfied that the appointment of the Receiver by the court is a necessary measure of last resort and that less invasive measures have proven ineffective. Sangha has been in default of its obligations under the Conditional Sale Contracts for over nine months and I find that it has engaged in a pattern of behaviour to frustrate and obstruct Daimler's enforcement efforts.

[34] Interlocutory Order to issue per draft Order signed this day.

A handwritten signature in blue ink, appearing to read "Mohu J.", is enclosed in a thin black rectangular border.