

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**BETWEEN:**

**HSBC BANK CANADA**

Applicant

- and -

**FREIGHTCAN GLOBAL INC.**

Respondent

**SPECIAL REPORT  
OF THE RECEIVER  
DATED JANUARY 20, 2016**

Filed by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver of Freightcan Global Inc.

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## EXHIBITS

EXHIBIT	DESCRIPTION
A	Appointment Order of Justice Penny dated August 4, 2015 and Endorsement of Justice Matheson dated August 17, 2015
B	2335898 Ontario Incorporated – Corporate Profile Report
C	Transport Operators Corp. – Corporate Profile Report
D	Liquid Capital Website Abstract – Balkaran Dhillon
E	Liquid Capital Exchange Corp. – Corporate Profile Report
F	Liquid Capital Group Corp. – Corporate Profile Report
G	Liquid Capital Trade Finance Inc. – Corporate Profile Report
H	Email from Sol Roter to counsel for HSBC Bank Canada dated January 7, 2015.
I	Forbearance Agreement with Freightcan dated July 14, 2014
J	Forbearance Agreement with Freightcan dated February 17, 2015
K	Extension of the forbearance period by agreements dated May 12, 2015, June 11, 2015 and July 23, 2015
L	Endorsement of Justice Penny dated August 6, 2015
M	Receiver's email dated August 18, 2015 to Padmini Prasad of the Company re all Bank Accounts
N	TD Account 5291479 (CAD) – Transaction History from July 7, 2015 to August 24, 2015
O	TD Account 5291479 (CAD) – Documentation re unauthorized transfers
P	TD Account 7308449 (USD) – Transaction History from July 7, 2015 to August 25, 2015
Q	TD Account 7308449 (USD) – Documentation re unauthorized transfers
R	Email of Balkaran Dhillon, dated August 16, 2015
S	Demand Letter #1 dated September 30, 2015 to Padmini Prasad re Unauthorized Transfers
T	Emails dated October 8 and 15, 2015 from Padmini Prasad re Unauthorized Transfers
U	Demand Letter #2 dated October 15, 2015 to Padmini Prasad re Unauthorized Transfers
V	Email dated October 19, 2015 from Padmini Prasad re Unauthorized Transfers

<b>W</b>	Demand Letter #3 dated October 22, 2015 to Padmini Prasad re Unauthorized Transfers
<b>X</b>	Emails dated October 22 and 28, 2015 from Padmini Prasad re Unauthorized Transfers
<b>Y</b>	Demand Letter dated September 29, 2015 to 2335898 Ontario Incorporated
<b>Z</b>	Email and Letter dated October 8, 2015 from 2335898 Ontario Incorporated

## INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (the “**Court**”) effective 11:59 p.m. August 17, 2015 (the “**Appointment Order**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as the receiver (the “**Receiver**”) of all of the assets, undertakings and properties of Freightcan Global Inc. (“**Freightcan**” or the “**Debtor**”) acquired for, or used in relation to the business carried on by the Debtor, including all proceeds thereof (the “**Property**”). Copies of the Appointment Order of Justice Penny dated August 4, 2015 and the Endorsement of Justice Matheson dated and effective August 17, 2015 are attached hereto as Exhibit “A”.
2. The purpose of this special report of the Receiver (the “**Special Report**”) is to seek an order of the Court for the return of funds removed from receivership accounts during the period immediately following the effective time of the receivership. Specifically, the Receiver requests that the Court make an Order:
  - (a) declaring that Padmini Prasad (“**Prasad**”) is in breach of section 4 of the order appointing Deloitte as Receiver of all of the assets, undertakings and properties of Freightcan (the “**Appointment Order**”);
  - (b) declaring that 2335898 Ontario Inc. (the “**Landlord**”), Transport Operators Corp. (“**Transport Operators**”) and Liquid Capital Exchange Corp. (“**Liquid Capital**”) are in breach of section 10 of the Appointment Order;
  - (c) declaring that Prasad, the Landlord, Transport Operators and Liquid Capital are in breach of section 4 of the *Assignments and Preferences Act*;
  - (d) requiring the Landlord to return the amount of CAD \$24,950.00 to the Receiver;
  - (e) requiring Transport Operators to return the amount of USD \$34,730.00 to the Receiver;
  - (f) requiring Liquid Capital to return the amount of USD \$23,700.00 to the Receiver;
  - (g) further, or in the alternative, requiring Prasad to return the amounts of CAD \$24,950.00 and USD \$58,430.00 to the Receiver; and

- (h) costs of the motion payable to the Receiver.
3. The Appointment Order, together with related Court documents and the statutory notice to creditors have been posted on the Receiver's website at <http://www.insolvencies.deloitte.ca/Freightcan>.

#### TERMS OF REFERENCE

4. In preparing this Special Report, the Receiver has been provided with, and has relied upon unaudited, draft and/or internal financial information, the Debtor's books and records, discussions with former management of the Debtor, and information from third-party sources (collectively, the "**Information**"). Except as described in this Special Report:
- (a) the Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information. Further, readers are cautioned that the Receiver has found the books and records of the Debtor to be incomplete, inaccurate, and to contain material misstatements; accordingly, the Receiver is unable to place any reliance on the financial reports of Freightcan or the representations of Prasad; and
  - (b) the Receiver has prepared this Special Report in its capacity as a Court-appointed officer to support the Court's approval of the relief being sought. Parties using the Special Report, other than for the purposes outlined herein are cautioned that it may not be appropriate for their purposes.
5. Unless otherwise stated, all dollar amounts contained in the Special Report are expressed in Canadian dollars.

6. Unless otherwise provided, all other capitalized terms not otherwise defined in this Special Report are as defined in the Appointment Order.

## **BACKGROUND**

7. The Debtor is an Ontario corporation which operated in the global logistics and freight forwarding industry. The Debtor primarily operated from premises located at 5155 Spectrum Way, Unit 15, Mississauga, Ontario (the “**Mississauga Office**”) which was leased from the Landlord, an entity related to the Debtor and its principals, and shared with certain other tenants. The Debtor also operated from leased premises located at 100 Menlo Park Drive, Suite 302 C, Edison, New Jersey, United States.
8. Based on corporate profile reports generated on August 18, 2015 and December 9, 2015, Prasad is the President and sole director of Freightcan.
9. The Debtor had ceased operating under the Freightcan trading name on or before the date of the Appointment Order. However, as described later in this Special Report, the Receiver has discovered that Prasad failed to disclose the existence of two bank accounts from which funds were transferred following the effective time of the receivership.

## **OMISSION OF DISCLOSURE AND UNAUTHORIZED TRANSFERS BY THE DEBTOR AND ITS PRINCIPALS**

### *Overview*

10. The Receiver has discovered that CAD \$27,601.47 and USD \$58,430.00 was transferred immediately subsequent to the effective time of the receivership without the knowledge or consent of the Receiver, from Freightcan bank accounts that were not disclosed by Prasad.
11. The key parties are as follows:
  - (a) Prasad, who is the President and sole director of Freightcan, President and director of the Landlord, and is married to Devi Prasad Sitaram (“**Sitaram**”);

- (b) Sitaram, who is married to Prasad, acts as secretary and director of the Landlord, and is part owner of Freightcan with signing authority on Freightcan bank accounts;
- (c) The Landlord is the landlord and owner of the Mississauga Office and is owned by Prasad and Sitaram. Based on an Ontario Corporate Profile Report dated August 26, 2015, Prasad is listed as President and director of the Landlord, and Sitaram as Secretary and director. A copy of this report is attached as Exhibit “**B**”.
- (d) Transport Operators carries on business as a trucking and storage company. An Ontario Corporate Profile Report dated September 29, 2015 discloses Balkaran Dhillon (“**Dhillon**”) as a director and secretary of Transport Operators. A copy of this report is attached as Exhibit “**C**”.
- (e) Liquid Capital is a company providing short term financing to small businesses. Liquid Capital operates as a franchise organization. Dhillon is listed on the Liquid Capital website as the “Local Liquid Capital Principal” for Brampton, Ontario. A copy of the website page identifying Dhillon is attached as Exhibit “**D**”. Based on a corporate profile report for Liquid Capital, dated December 14, 2015, the directors of Liquid Capital are Brian Birnbaum (“**Birnbaum**”), Barnett Gordon (“**Gordon**”), and Sol Roter (“**Roter**”). A copy of the report is attached as Exhibit “**E**”.
- (f) Liquid Capital Group Corp. (“**Liquid Capital Group**”) is a franchise of Liquid Capital. Based on an Ontario Corporate Profile Report dated December 14, 2015, Dhillon is a director and secretary of Liquid Capital Group. The registered head office for Liquid Capital Group is located in Brampton, Ontario. A copy of the report is attached as Exhibit “**F**”. Based on an Ontario Land Registry parcel report dated August 25, 2015 with respect to 5155 Spectrum Way, Unit # 15, Mississauga, the Receiver notes that the Landlord had granted a charge effective August 13, 2015 from Liquid Capital Group in the amount of \$300,000; and



- (g) Liquid Capital Trade Finance Inc. (“**Liquid Capital Finance**”) is associated with Liquid Capital. Based on an Ontario Corporate Profile Report, dated January 12, 2015, the directors of Liquid Capital Finance are Birnbaum, Barnett and Roter. A copy of the report is attached as Exhibit “**G**”. Liquid Capital Finance entered into a supply agreement with Freightcan, dated November 25, 2014, pursuant to the Purchase Finance Program (“**PFP**”) offered by Liquid Capital (the “**Supply Agreement**”). Dhillon executed the Supply Agreement on behalf of Liquid Capital Finance. A copy of an email from Roter to counsel for HSBC Bank Canada (the “**Bank**”) explaining the PFP and attaching the Supply Agreement and Liquid Capital Brochures explaining the PFP and an alternate supply chain solution, dated January 7, 2015, is attached as Exhibit “**H**”, with attachments.
12. A chronology of events leading to the Receiver’s discovery of the unauthorized transfers from these undisclosed bank accounts is summarized below.

***Prior Receivership Applications and Accommodations***

13. Freightcan is indebted to the Bank under certain credit facilities made available by the Bank pursuant to a credit facility letter dated September 7, 2011, as amended. The Bank was Freightcan’s operating lender.
14. On or about July 14, 2014, the Bank entered into a forbearance agreement with Freightcan, as amended from time to time, (the “**2014 Forbearance Agreement**”). Pursuant to paragraph 24 of the 2014 Forbearance Agreement, Freightcan agreed that it would deposit all revenues, collections of accounts receivables and any other income generated by Freightcan into Freightcan’s accounts with the Bank only, with the exception of amounts deposited into Freightcan’s accounts with the Habib American Bank (“**HAB Bank**”) which were to be wired to Freightcan’s accounts with the Bank on a daily basis. The 2014 Forbearance Agreement was extended from time to time. A copy of the 2014 Forbearance Agreement is attached as Exhibit “**I**”.

15. On or about January 9, 2015, the Bank commenced proceedings to have a receiver appointed over the assets, undertakings and properties of Freightcan (the **“Receivership Application”**).
16. On or about February 17, 2015, the Bank adjourned the Receivership Application and entered into a further forbearance agreement with Freightcan, dated February 17, 2015 (the **“2015 Forbearance Agreement”**). A copy of the 2015 Forbearance Agreement is attached as Exhibit **“J”**. The 2015 Forbearance Agreement specifically incorporates the terms of the 2014 Forbearance agreement, including paragraph 24 thereof.
17. As a term of the 2015 Forbearance Agreement, Freightcan executed an irrevocable consent to the appointment of the Receiver.
18. Freightcan failed to satisfy the terms of the 2015 Forbearance Agreement by the forbearance deadline of April 30, 2015.
19. At Prasad’s request, the Bank entered into subsequent extension agreements of the forbearance period by agreements dated May 12, 2015, June 11, 2015 and July 23, 2015 (the **“Extension Agreements”**). In each instance, Freightcan failed to satisfy the terms of forbearance. Copies of the Extension Agreements are attached as Exhibit **“K”**.
20. As a result of Freightcan’s failure to meet the terms of forbearance, on August 4, 2015, Justice Penny granted the Appointment Order.
21. On August 6, 2015, Freightcan requested, and the Bank consented to, a stay of the Appointment Order in light of representations made by counsel for Freightcan that Freightcan was negotiating a refinancing with an alternate lender. On August 6, 2015, Justice Penny granted a stay of the Appointment Order to permit further refinancing discussions. A copy of Justice Penny’s Endorsement is attached as Exhibit **“L”**.
22. Freightcan failed to obtain a refinancing in the time permitted and discussions terminated.

***Attendance in Chambers and Correspondence with the Debtor on August 17, 2015***

23. On August 17, 2015, counsel to the Bank, Deloitte as proposed Receiver, and counsel to Freightcan, attended in Chambers before Justice Matheson with respect to the appointment of a receiver.
24. Counsel to Freightcan represented that the Company was still negotiating a possible refinancing, and accordingly, had requested that the Appointment Order be effective at the end of day, with the opportunity to return to Court if a refinancing of the Company's indebtedness to the Bank could be completed. Accordingly, Justice Penny's Endorsement reflected that the Appointment Order was effective on August 17, 2015 at 11:59 p.m. and that the parties could return for a 9:30 a.m. appointment if necessary.
25. While in Chambers before Justice Matheson, the Receiver and its counsel asked that the Debtor immediately provide information and cooperation to the Receiver in order to plan for the receivership, if the terms of a refinancing could not be settled that day. The Company's counsel confirmed that it was a reasonable request.
26. The Receiver contacted Prasad by telephone and requested a meeting at Freightcan's offices during the afternoon of August 17, 2015. Prasad advised that she would be taking her husband, Sitaram, to the hospital and asked the Receiver "*...why not wait until tomorrow since the receivership isn't until 11:59pm?*".
27. The Receiver informed Prasad of the discussion with counsel to Freightcan in Chambers regarding cooperation from the Company. The Receiver requested to meet with the Company's payroll and accounts receivable clerks in the event that Prasad could not be available that afternoon. Prasad advised that she would consult with Freightcan's counsel and undertook to respond to the Receiver. Regarding possible refinancing, Prasad then advised the Receiver that she did not expect a deal to close during the week of August 17, 2015.
28. Later on August 17, 2015, the Receiver made a follow up call to Prasad who remained unwilling to provide access to staff and information.

*Freightcan's Banking Arrangements*

29. On August 18, 2015, the Receiver attended Freightcan's premises to enforce the terms of the Appointment Order and meet with Prasad. Among other things, the Receiver had requested information with respect to the Company's non-Bank operating accounts with HAB Bank, as well as all other financial institutions.
30. Specifically, the Receiver asked Prasad for details of all of the bank accounts of Freightcan. Prasad advised the Receiver that Freightcan only maintains accounts at HAB Bank and the Bank. Unsatisfied with this response, the Receiver formalized this request by way of email to Prasad on August 18, 2015 at 10:00 a.m. demanding the precise details of all of Freightcan's bank accounts worldwide (e.g. account numbers, mailing address and branch contact coordinates, bank statements and reconciliations, etc.). A copy of this email is attached hereto as Exhibit "M". Prasad did not reply to this email and did not provide any further banking information to the Receiver.
31. The Receiver reviewed the Company's trial balance and noted references to the following financial institutions: the Bank, HAB Bank, Bank of Montreal ("BMO"), and Royal Bank of Canada ("RBC"). When asked, Prasad did not provide any addresses or account numbers for Freightcan's bank accounts at BMO and RBC. Prasad further advised that the bank accounts with financial institutions other than HAB Bank and the Bank had been closed prior to the date of the Appointment Order. On August 18, 2015, the Receiver issued a receivership notification letter to HAB Bank.
32. On August 19, 2015, Prasad remained uncooperative with respect to providing details regarding the BMO and RBC bank accounts. Accordingly, the Receiver issued receivership notification letters to in-house counsel at BMO and RBC on that date. The results of these notifications were as follows:
  - (a) On September 1, 2015, BMO provided the Receiver with a cheque in the amount of \$473.45 which represented the balance of funds in Freightcan's bank account held at BMO. The fact that this account was still open was contrary to Prasad's representation to the Receiver.

- (b) On September 2, 2015, the Receiver obtained confirmation from RBC's National Bankruptcy team that Freightcan does not have any bank accounts or investments held at RBC.
33. While reviewing records located at the Mississauga Office, the Receiver discovered 2015 bank reconciliations for a CIBC bank account which had also not been disclosed by Prasad. On August 24, 2015, the Receiver issued a receivership notification letter to CIBC and subsequently learned that the account was closed in the months prior to the date of the Appointment Order.
34. The Receiver subsequently discovered accounts held at TD Canada Trust ("TD"), as described later in this Special Report.

***Meeting with Creditor and Discovery of Undisclosed TD Bank Accounts***

35. On Friday, August 21, 2015, the Receiver met with Vikram Wallia ("Wallia") of CHI Commodities Handlers Inc. ("CHI"), both a customer and creditor of Freightcan.
36. Wallia provided the Receiver with banking details from CHI's bank which showed payments to Freightcan that had cleared through an account at TD in July 2015.
37. From this evidence, it was clear that Prasad had repeatedly omitted to disclose to the Receiver that Freightcan held bank accounts at TD, notwithstanding that these accounts were opened only months earlier, were being used to deposit customer cheques, and that Prasad and her husband were the only authorized signatories on these accounts.
38. The Receiver reviewed Wallia's banking information and researched the branch details and promptly contacted the local TD branch by telephone. The Receiver left a voicemail with the TD branch and arranged for a receivership notification letter to be mailed on Friday, August 21, 2015. The Receiver followed up with the TD Branch, and on August 27, 2015, a TD account manager confirmed that the Receiver's request had been forwarded to TD's legal department.

39. TD informed the Receiver that Freightcan had opened Canadian and U.S. dollar accounts on July 7, 2015. In September 2015, TD provided copies of transaction history reports and copies of cheques and other documentation relating to certain transactions which cleared subsequent to the date of the Appointment Order. TD also confirmed that Prasad and Sitaram were listed on the corresponding authorized signatory cards.
40. From information provided by TD, the Receiver determined that at least CAD \$27,601.47 and USD \$58,430.00 had been transferred without the knowledge or consent of the Receiver, from Freightcan's bank accounts held at TD subsequent to the effective time of the Appointment Order. All of these transfers or cheques were initiated or signed by Prasad or Sitaram. A summary of these unauthorized transfers is as follows:

(a) *TD Account Number 5291479 – CAD*

<b>Date Written/ Instructions Given</b>	<b>Date Cleared</b>	<b>Comments</b>	<b>Amount</b>
8/18/2015	8/18/2015	E-mail Transfer to Luisa Maluf	\$1,100.00
8/18/2015	8/18/2015	Wire transfer to the Landlord	24,950.00
8/12/2015	8/19/2015	Cheque to Just Rush Express	755.80
8/19/2015	8/19/2015	Cheque to Just Rush Express	628.37
8/12/2015	8/19/2015	Cheque to WSIB	167.30
	<b>Total</b>		<b>\$27,601.47</b>

(b) TD Account Number 7308449 – USD

<b>Date Written/ Instructions Given</b>	<b>Date Certified</b>	<b>Comments</b>	<b>Amount</b>
7/26/2015	8/18/2015	Cheque stamped "Certified" on August 18, 2015; payable to "Transport Operators Corp."	\$25,200.00
7/27/2015	8/20/2015	Cheque stamped "Certified" on August 20, 2015; payable to "Transport Operators Corp."	9,530.00
8/14/2015	8/24/2015	Cheque stamped "Certified" on August 24, 2015; payable to Certified Cheque to "Liquid Capital Exchange Corp."	23,700.00
	<b>Total</b>		<b>\$58,430.00</b>

41. On September 10, 2015, a TD Bankruptcy Officer, advised that the balance of funds in the amount of USD \$3,359.10 would be forwarded to the Receiver.
42. Copies of the transaction history report from July 7, 2015 to August 24, 2015, along with documentation for the above noted unauthorized transfers for TD Account Number 5291479 (CAD) are attached as Exhibits "N" and "O", respectively.
43. Copies of the transaction history report from July 7, 2015 to August 25, 2015, along with documentation for the above noted unauthorized transfers for TD Account Number 7308449 (USD) are attached as Exhibits "P" and "Q", respectively.
44. As set out in paragraph 4 of this Report, the Receiver has found the books and records of the Debtor to be incomplete, inaccurate, and to contain material misstatements. This is particularly the case for significantly overstated accounts receivable as reported by Freightcan to the Bank. The funds held in the two undisclosed TD accounts represented the most significant receivership trust asset, being significantly higher than the very limited recoveries to date from Freightcan's accounts receivable.

***Dhillon's Knowledge of the Receivership***

45. Dhillon, director and secretary of Transport Operators, a director of Liquid Capital Group, a signing officer of Liquid Capital Finance and the signing party to the Supply Agreement, had knowledge that the receivership was proceeding on August 17, 2015. In an email to counsel for Prasad, dated Sunday, August 16, 2015, Dhillon wrote: *"I spoke to Paddy today. She told me that HSBC will take Freightcan for receivership on Monday. It is unfortunate that they want to take this route as there will not be much left in this service business if larger customers find out that company is in receivership. Also, we will not be able to retain its staff. In the case that the company is taken for receivership, we will not be presenting an offer because we believe there will not be much value left. I believe it will be best if you can request HSBC for adjournment for receivership until we present firm offer with the deposit through our lawyer. We will present this offer on the 26<sup>th</sup> of August upon my return from India. We believe this will be more beneficial for all parties involved. It is just a matter of waiting another week and we are hopeful that they will accept our very reasonable offer with all the facts back up."* A copy of the email from Dhillon, dated August 16, 2015, with attachment, is attached as Exhibit "R".

***Demand Letters to Prasad***

46. On September 30, 2015, the Receiver's legal counsel issued a demand letter (the "**September 30th TGF Demand Letter**") to Prasad with respect to the unauthorized post-receivership bank transfers of CAD \$27,601.47 and USD \$58,430.00 (attached as Exhibit "S"). This letter specifically noted the following significant transactions:
- (a) CAD \$24,950.00 was wire transferred on August 18, 2015 from the TD (CAD) account to the Landlord. The Receiver notes that this transfer



occurred notwithstanding that Prasad was aware of the court hearing and Appointment Order. Included in Exhibit “J” is a copy of the TD transaction receipt evidencing this transaction on August 18, 2015 at 10:36 a.m. The receipt is signed by Sitaram.

- (b) USD \$58,430.00 was issued from the TD USD account to two companies, as follows:
  - (i) Transport Operators cashed two cheques totaling USD \$34,730:
    - (1) Firstly, a handwritten cheque dated July 26, 2015, in the amount of USD \$25,200, was issued to Transport Operators. This cheque was stamped “Certified” on August 18, 2015, and cleared on the same day. From the Receiver’s review of supporting documentation included in TD’s mailing package dated September 21, 2015, there is a TD deposit slip dated August 18, 2015 at 9:34 a.m. for the USD \$25,200 cheque, which was signed by Sukhvinder Kaur. A copy of this deposit slip is included in Exhibit “Q”. The TD deposit slip contains the handwritten comment: “Spoke to Padmina - Verified”.
    - (2) A second handwritten cheque, dated July 27, 2015, in the amount of USD \$9,530 was issued to Transport Operators. This cheque was stamped “Certified” on August 20, 2015, and cleared the TD account on the same day.
- (c) Liquid Capital received funds by way of handwritten cheque, dated August 14, 2015, in the amount of USD \$23,700. This cheque was stamped “Certified” and cleared the TD account on August 24, 2015.

47. On October 8 and 15, 2015, Prasad advised that she was not in possession of relevant information to respond to the September 30th TGF Demand Letter. Copies of these Prasad emails are attached as Exhibit “T”.
48. On October 15, 2015, TGF issued a second demand letter to Prasad (the “**October 15th TGF Demand Letter**”) and again provided Prasad with the relevant transaction history reports and supporting documents that were provided by TD. A copy of the October 15th TGF Demand Letter is attached as Exhibit “U”.
49. On October 19, 2015, Prasad emailed TGF and the Receiver, a copy of which is attached as Exhibit “V”.
  - (a) With respect to the wire transfer of CAD\$24,950 on August 18, 2015, Prasad advised “...*date cleared 18/8/2015 - 24950 - Rental pending and the building would have gone under power of sale and the same has been explained by the holding company as well.*”
  - (b) With respect to the payments to Transport Operators, Prasad advised: “...*cleared august 18th and 20th - chq issued on july 26th and july 27th - i feel hab bank statement can give an idea of all their cheques being returned without payment ..*”
  - (c) With respect to the payments made to Liquid Capital, Prasad advised: “...*cleared august 24th - liquid capital - vendor financing company - back up should be available in the office. pdc Cheques are given the same day of the financing .*”
50. On October 22, 2015, TGF issued a third demand letter to Prasad (the “**October 22nd TGF Demand Letter**”) to again request the repayment of the receivership trust funds to the Receiver. A copy of the October 22nd TGF Demand Letter is attached as Exhibit “W”.
51. On October 22, 2015, Prasad responded to TGF by stating that she “...*will be able to respond to you only by 27th October due to various reasons.*” On October 28, 2015, Prasad sent a further email to TGF and the Receiver without providing any new

information or confirmation of repayment. Copies of Prasad's email correspondence dated October 22 and 28, 2015, are attached as Exhibit "X".

***Demand Letter to the Landlord***

52. As noted previously, the Landlord is owned by Prasad and Sitaram, and is Freightcan's landlord for the Mississauga Office. On September 29, 2015, the Receiver wrote to the Landlord with respect to, among other things, the discovery by the Receiver of CAD \$24,950.00 that was transferred by wire to the Landlord from Freightcan's bank account held at TD Canada Trust on August 18, 2015, subsequent to the date of the Appointment Order without the consent of the Receiver. The Receiver reiterated to the Landlord that this unauthorized transfer represents trust funds that formed part of the property of the Receivership and are to be returned immediately to the Receiver. A copy of the Receiver's letter to the Landlord is attached as Exhibit "Y".
53. On October 8, 2015, Sitaram acknowledged by email that 2335898 had received the unauthorized wire transfer in the amount of CAD \$24,950.00 from Freightcan. Sitaram stated "*Tenant M/s Freightcan had to settle this amount failing which the entire property would have been under Power of Sale as the numbered company depended on this rental income to pay off the mortgage and other bills from the starting month of December 2012.*" A copy of the October 8th letter from the Landlord is attached as Exhibit "Z". To date, neither the Landlord nor Sitaram have returned these funds to the Receiver.

**RELIEF SOUGHT**

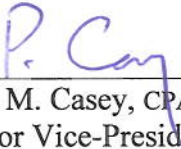
54. For the reasons set out above, the Receiver recommends that the Court make an Order:
- (a) declaring that Prasad is in breach of section 4 of the Appointment Order;
  - (b) declaring that the Landlord, Transport Operators and Liquid Capital are in breach of section 10 of the Appointment Order;
  - (c) declaring that Prasad, the Landlord, Transport Operators and Liquid Capital are in breach of section 4 of the *Assignments and Preferences Act*;

- (d) requiring the Landlord to return the amount of CAD \$24,950.00 to the Receiver;
- (e) requiring Transport Operators to return the amount of USD \$34,730.00 to the Receiver;
- (f) requiring Liquid Capital to return the amount of USD \$23,700.00 to the Receiver;
- (g) further, or in the alternative, requiring Prasad to return the amounts of CAD \$24,950.00 and USD \$58,430.00 of to the Receiver; and
- (h) costs of the motion payable to the Receiver.

All of which is respectfully submitted at Toronto, Ontario this 20th day of January, 2016.

**Deloitte Restructuring Inc.,**  
solely in its capacity as the  
Court-appointed receiver of  
Freightcan Global Inc., and  
without personal or corporate liability

Per:

  
\_\_\_\_\_  
Paul M. Casey, CPA, CA, CIRP  
Senior Vice-President