



**Supplement to the Second Report of  
KSV Restructuring Inc.  
as Licensed Insolvency Trustee of ProEx  
Logistics Inc., Guru Logistics Inc., 1542300  
Ontario Inc. and 2221589 Ontario Inc.**

November 26, 2024

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COURT FILE NO:  
BK-24-03014702-0031

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

IN THE MATTER OF THE BANKRUPTCY OF PROEX LOGISTICS INC., GURU LOGISTICS  
INC., 1542300 ONTARIO INC. AND 221589 ONTARIO INC.

SUPPLEMENT TO THE SECOND REPORT OF  
KSV RESTRUCTURING INC.  
AS LICENSED INSOLVENCY TRUSTEE

NOVEMBER 26, 2024

## 1.0 Introduction

1. This supplement to the Second Report of the Trustee (the “Supplemental Report”) is filed by KSV Restructuring Inc. (“KSV”) in its capacity as trustee (the “Trustee”) of ProEx Logistics Inc. (“ProEx”), Guru Logistics Inc. (“Guru”), 1542300 Ontario Inc. (operated as ASR Transportation) (“ASR”), 2221589 Ontario Inc. (“222”) (collectively, the “Bankrupt Entities”).
2. Terms not defined in this Supplemental Report have the meanings ascribed to them in the Second Report.

### 1.1 Purpose of this Report

1. The purposes of this Report are to:
  - (a) provide the Court with information regarding the recent evidence filed by one of the shareholders in this proceeding; and
  - (b) the Trustee’s position on next steps, specifically:
    - i. proceeding with its motion for substantive consolidation to facilitate distributions to third party creditors; and
    - ii. seeking direction from the Court on the most efficient resolution of remaining shareholder disputes.

## 2.0 Procedural Background

1. Due to long-standing disputes among the parties, and the anticipated disagreements regarding fund distributions to shareholders, the Trustee agreed to bring a motion under Section 34 of the BIA. This motion ensures that the Trustee receives clear direction on the appropriate distributions, including any distributions to shareholders.
2. Justice Penny's endorsement dated September 24, 2024 instructed the parties to agree on a timetable "to ensure the matter proceeds as scheduled." Counsel to the Trustee, Lenczner Slight and Paul made repeated efforts to engage Rana's counsel on a timetable and on the specific issues to be decided. Without a substantive response, the three parties proposed a schedule by email pursuant to which evidence in chief was to be delivered no later than October 28, 2024.
3. Notwithstanding the earlier efforts to engage Rana's counsel, on November 15, 2024, after the Trustee served its factum, new counsel for Rana (the third counsel retained during the Receivership) contacted the Trustee to request a conference call regarding a potential response to the motion.

## 3.0 Rana's Affidavit

### 3.1 Rana's Claims

1. On November 22, 2024, Rana's new counsel served an affidavit containing a proof of claim in respect of amounts allegedly owed to Rana (the "Affidavit"). The proof of claim was also provided to the Trustee at midnight the night before.
2. After reviewing the claim, the Trustee is unable to reconcile it with ASR's records. For example:
  - (a) Bank Transactions: The provided cheques do not appear to align with corresponding deposits in ASR's bank accounts. Additional evidence is required to demonstrate the funds were received by RGC.
  - (b) Salary Payments: The proof of claim lists salary amounts that do not match ASR's financial records.
  - (c) Distributions: Substantial distributions (\$185,000 in May 2019) were made to Rana. While these may relate to repayment of the claimed amounts, no documentation explains their nature.
3. The Trustee is unable to accept the proof of claim based on the information provided. Should Rana have additional information, the Trustee will review the same. However, the Trustee notes that the bar date in the Receivership Proceedings (of which Rana had notice) was October 31, 2021.

### **3.2 The Valuation**

1. In February 2022, the Receiver sought input from Rana and Paul on questions for the expert at Grant Thornton regarding the valuation. Rana did not respond.
2. In May 2022, the Receiver provided the valuation to Rana and Paul. At no point prior to delivery of the Affidavit did Rana contact the Receiver or the Trustee to discuss the valuation or to request any additional documents.

## **4.0 Payment of Third Party Claims**

### **4.1 Claims at ASR and Guru**

1. The Trustee is in the process of administering the payments to third party claimants of ASR and GURU. The Canada Post strike has delayed payments to creditors and the Trustee will mail the distributions as soon as possible. Should creditors wish to obtain their cheques through another means, creditors may contact the Trustee to make arrangements.

### **4.2 Substantive Consolidation**

1. The Trustee maintains that substantive consolidation of the Trucking Business is appropriate and necessary. No party has challenged this assertion.
2. Substantive consolidation will allow the Trustee to make distributions to creditors of ProEx at this time.

## **5.0 Resolution of the Shareholder Disputes**

1. The Trustee is in favour of a resolution which limits professional costs and allows the parties to bring this matter to a resolution. If the parties wish to proceed on the section 34 motion, the Trustee is of the view that its role should be limited to avoid unnecessary costs.
2. As set out in the materials, Paul and Rana have each proposed alternative methods for resolution of this proceeding. Their proposals are set out in the materials provided and the Trustee expects that each counsel will speak to their proposals at the hearing.
3. The Trustee notes that if the Bankruptcy Proceeding remains open during a dispute, the Trustee will be required to reserve for, among other things, (i) ongoing professional fees; (ii) interest payable to creditors if the Wrongful Conduct Claim is ultimately not allowed; and (iii) Rana's Claim and any other claims that may be filed or arise because of the extended proceedings.
4. There are procedural steps that are required before a distribution can be made to shareholders in accordance with the BIA, including:
  - prepare the Trustee's final statement of Receipts and Disbursements (the "R&D");
  - have the R&D approved by the Inspectors;
  - send the approved R&D to the OSB for comment;

- after receiving the OSB's comments, apply to Court to have the R&D approved, together with the Trustee's fees; and
  - after Court approval, issue a final dividend notice to all creditors, provided that no creditor has objected to the R&D within 15 days of the final dividend notice.
5. As such, a resolution that terminates the bankruptcy as soon as possible is in the best interest of all parties.

## 6.0 Conclusion and Recommendation

1. Based on the foregoing, the Trustee respectfully recommends that this Honourable Court grant the substantive consolidation relief and provide direction on the most efficient manner for resolution of the outstanding shareholder disputes.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
SOLELY IN ITS CAPACITY AS TRUSTEE OF THE BANKRUPT ENTITIES  
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**

IN THE MATTER OF THE BANKRUPTCY OF PROEX LOGISTICS INC., GURU LOGISTICS INC., 1542300 ONTARIO INC. AND 2221589 ONTARIO INC.

Court File Numbers: BK-24-03014702-0031

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

PROCEEDING COMMENCED AT  
TORONTO

**SUPPLEMENT TO THE SECOND REPORT OF KSV  
RESTRUCTURING INC.  
AS TRUSTEE**

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