

IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *V K Delivery & Moving Services Ltd. (Re)*,
2025 BCSC 1091

Date: 20250527
Docket: S252336
Registry: Vancouver

**In the Matter of the *Companies' Creditors Arrangement Act*,
R.S.C. 1985, c. C-36, as Amended**

and

**In the Matter of the *Business Corporations Act*,
S.B.C. 2002, c. 57, as Amended**

and

**In the Matter of the *Canada Business Corporations Act*,
R.S.C. 1985, c. C-44, as Amended**

**In the Matter of a Plan of Compromise and Arrangement of
V K Delivery & Moving Services Ltd.,
Product Line Holdings and Logistics Ltd,
VK 24/7 Logistics Solutions Ltd. and
VK Linehaul Ltd.**

Petitioners

- and -

Docket: S251855
Registry: Vancouver

Between:

Royal Bank of Canada

Petitioner

And

**V K Delivery & Moving Services Ltd., VK Linehaul Ltd.,
Product Line Holdings and Logistics Ltd., and
VK 24/7 Logistics Solutions Ltd.**

Respondents

Before: The Honourable Justice Basran

Oral Reasons for Judgment

In Chambers

Counsel for V K Delivery & Moving Services Ltd., Product Line Holdings and Logistics Ltd., VK 24/7 Logistics Solutions Ltd. and VK Linehaul Ltd.:

B. Martyniuk
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Counsel for Royal Bank of Canada:

J. Reid

Counsel for the Court-Appointed Monitor, Crowe MacKay & Company Ltd.:

D.D. Nugent

Place and Dates of Hearing:

Vancouver, B.C.
May 16 and 27, 2025

Place and Date of Judgment:

Vancouver, B.C.
May 27, 2025

[1] **THE COURT:** The petitioners, collectively referred to as the “VK Group”, consist of V K Delivery & Moving Services Ltd, Product Line Holdings and Logistics Ltd., VK 24/7 Logistics Solutions Ltd., and VK Linehaul Ltd. (the “petitioners”).

[2] The petitioners principally seek the following:

- a) a 30-day extension of the stay period to June 25, 2025;
- b) an order for an administrative charge up to \$100,000; and
- c) an order that ICBC is a critical supplier and that the petitioners may pay for arrears and ongoing insurance coverage of its vehicles.

Background

[3] By way of background, the petitioners are in the business of providing freight, delivery, storage, and logistic services in British Columbia, Alberta, Ontario, and Washington State. They employ over 100 employees and over 80 owner-operator truck haulers. The combined revenues of the petitioners is over \$40 million per year for the past three years.

[4] Based on a potential fraud by a family member and other reasons, the petitioners have cash-flow difficulties. They owe approximately \$6.9 million to Royal Bank of Canada (“RBC”), their principal secured creditor, and about \$3.7 million to the Canada Revenue Agency (“CRA”). This amount may be offset to some extent by a Goods and Services Tax credit of approximately \$900,000. They

also owe significant amounts to Insurance Corporation of British Columbia for insurance of the company's vehicles. This is only a partial list of their creditors.

[5] On May 16, 2025, this court ordered the appointment of a monitor, Crowe MacKay & Company Ltd. (the "Monitor"), and a ten-day stay in respect of proceedings against the petitioners pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ["CCAA"] (the "initial order"). At that time, the RBC's application for the appointment of a receiver was adjourned.

[6] Today, the petitioners seek an amended and restated initial order under the CCAA, extending the stay of proceedings until June 25, 2025 so that they can implement a restructuring plan.

[7] In the time since the granting of the initial order, the petitioners have, among other things:

- a) productively and effectively cooperated with the court-appointed monitor;
- b) demonstrated positive net cash flow of just under \$31,000 over the period from April 1, 2025 to May 20, 2025;
- c) worked with accountants and IT professionals to improve their financial recording and reporting systems; and
- d) identified a possible alternative financing source, BVD Capital Corporation, which provides financing services including accounts receivable factoring.

[8] The monitor advises that it is not aware of any material or adverse variances in the projected cashflows to mid-August 2025. At that time, it anticipates that the petitioners will have approximately \$1.32 million in cash on hand.

[9] As described in my ruling in respect of the initial order, the petitioners are eligible for CCAA protection because

- a) they are Canadian incorporated companies and therefore fall within the CCAA definition of "company";
- b) they are unable to meet their obligations as they become due and are therefore insolvent; and

c) they have a total debt of over \$5 million.

[10] The court may grant a further extension of the stay if it is satisfied that:

- a) the petitioner has acted and is acting in good faith and with due diligence; and
- b) that circumstances exist that make a stay of proceedings appropriate.

CCAA, ss. 11.02(2) and (3).

[11] The threshold for a debtor company to obtain a stay of proceedings pursuant to the CCAA is low. The company must only satisfy the court that the stay of proceedings would “usefully further” its efforts to reorganize, and requires nothing more than a “germ of a plan”, also described as a “kernel of a plan”: *North American Tungsten Corporation (Re)*, 2015 BCSC 1376 at para. 26.

[12] There must only be “some sense of what the petitioners intend to do so as to give the court and [...] the stakeholders some comfort that there is some utility in continuing further with these proceedings”: *Azure Dynamics Corporation (Re)*, 2012 BCSC 781 at para. 13.

[13] In considering whether “circumstances exist that make the order appropriate”, the court must be satisfied that an extension of the initial order and stay will further the purposes of the CCAA. Appropriateness is assessed by inquiring whether the order advances the policy objectives underlying the CCAA. The “chances for successful reorganization are enhanced when participants achieve common ground and all stakeholders are treated advantageously and fairly as circumstances permit”: *Century Services Inc. v. Canada*, 2010 SCC 60 at para. 70.

[14] “The purpose of the CCAA is to facilitate the making of a compromise or arrangement between an insolvent debtor company and its creditors to the end that the company is able to continue in business”: *Chef Ready Foods Ltd. v. Hongkong Bank of Canada* (1990), 51 B.C.L.R. (2d) 84 at para. 10 [*Chef Ready*].

[15] In CCAA proceedings, “the court is called upon to play a kind of supervisory role to preserve the status quo and to move the process along to the point where a

compromise arrangement is approved or it is evident that the attempt is doomed to failure”: *Chef Ready* at para. 10.

Positions of the Parties

[16] RBC opposes the extension of the stay of proceedings and, instead, seeks the appointment of a receiver. It asserts that the petitioners have demonstrated no material change since the granting of the initial order and its plan to obtain alternative financing is doomed to fail. In the meantime, RBC security is being eroded with no reasonable prospect of it being repaid.

[17] RBC asserts that the principals of the petitioners have stripped capital from the companies and used these funds to acquire assets over which RBC does not have security. It points out that the petitioners are diverting cash by using TD Canada Trust bank accounts, contrary to their contractual obligations to RBC. Furthermore, RBC has lost faith in the management of the petitioners and does not foresee circumstances in which it will be repaid from alternative financing.

[18] In short, RBC denies that the petitioners have demonstrated the germ of a plan and that, in any event, the petitioners' efforts are doomed to fail.

[19] The monitor supports the relief sought by the petitioners for an extension of the stay for 30 days and the administrative charge. The monitor agrees that ICBC is a critical supplier and notes that in approximately two months, the arrears owed to ICBC will be repaid. The monitor's report notes that the petitioners' cashflow seems to be improving and that this positive trend is forecasted to continue. It also points out that the appointment of a receiver will also require an administrative charge.

Discussion and Disposition

[20] The CCAA is remedial legislation intended to permit the stabilization of the petitioners' affairs and the negotiation of a plan of arrangement with creditors.

[21] The issue I must consider is whether the petitioners have presented the germ of a plan to stabilize their affairs and usefully further their efforts to reorganize.

[22] The petitioners have made some progress in stabilizing their operations by demonstrating positive cashflow, albeit a limited amount, over the past two months. Their earlier efforts to obtain alternative financing involved an American lender. That option seems to no longer be in play. Instead, they are pursuing financing from a Canadian lender, BVD Capital Corporation, which apparently has experience with this industry.

[23] The petitioners' debts are significant. In particular, an unascertained portion of the \$3.7 million owing to CRA is in respect of source deductions over which there is a deemed trust. These unpaid amounts attract significant interest and penalties while outstanding. It is for this reason that RBC feels that its security is being eroded with the passage of time.

[24] The petitioners are making progress operationally and they are seeking a relatively short extension of 30 days. In the circumstances, I am satisfied that they ought to be given an extension of this length to further negotiate financing that will enable them to pay their creditors, including CRA and RBC, and continue their operations. They have demonstrated good faith by cooperating effectively with the monitor and retaining accounting and IT professionals to improve their financial reporting.

[25] This is a longstanding company with significant revenue and a large number of employees. In light of these circumstances, I am granting an extension of the stay for a relatively short period of time, 30 days, to hopefully facilitate the restructuring of the petitioners' business.

[26] I am also granting the administrative charge in the amount of \$100,000 in favour of the monitor, counsel for the monitor, and counsel for the petitioners to secure their respective fees and disbursements. I am satisfied, based on s. 11.52(1) of the CCAA and the authority in *9354-9186 Québec inc. v. Callidus Capital Corp. (Re)*, 2020 SCC 10 at para. 52 that a court-appointed monitor is necessary to provide the court with an independent and impartial expertise, acting as “the eyes and ears of the court throughout these proceedings”.

[27] The objectives of the CCAA would be frustrated without access to professionals such as the monitor and counsel, who are, of course, entitled to their reasonable fees and disbursements.

[28] Section 11.4 of the CCAA provides:

Critical supplier

11.4 (1) On application by a debtor company and on notice to the secured creditors who are likely to be affected by the security or charge, the court may make an order declaring a person to be a critical supplier to the company if the court is satisfied that the person is a supplier of goods or services to the company and that the goods or services that are supplied are critical to the company's continued operation.

Obligation to supply

(2) If the court declares a person to be a critical supplier, the court may make an order requiring the person to supply any goods or services specified by the court to the company on any terms and conditions that are consistent with the supply relationship or that the court considers appropriate.

Security or charge in favour of critical supplier

(3) If the court makes an order under subsection (2), the court shall, in the order, declare that all or part of the property of the company is subject to a security or charge in favour of the person declared to be a critical supplier, in an amount equal to the value of the goods or services supplied under the terms of the order.

Priority

(4) The court may order that the security or charge rank in priority over the claim of any secured creditor of the company.

[29] I am satisfied that ICBC is a critical supplier to the petitioners, because they provide auto insurance for a company operating in the transportation industry. I am therefore granting the permission of the court to continue making monthly payments to ICBC, including arrears amounts. I am making this order on the understanding that the arrears amounts owed to ICBC will entirely be paid off by early August of this year.

[30] In addition to the terms sought by the petitioners, I am ordering that the petitioners provide RBC with their monthly bank statements from all of the TD Canada Trust bank accounts held by them for the past six months, and that these statements be provided to RBC within five days of their receipt each month going forward.

[31] RBC's application for the appointment of a receiver is further adjourned to June 25, 2025.

“Basran J.”