

# IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *V K Delivery & Moving Services Ltd. (Re)*,  
2025 BCSC 1415

Date: 20250721  
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 Re: Further Application to  
Extend the Stay of Proceedings**

In Chambers

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Place and Date of Hearing:

Vancouver, B.C.  
July 17, 2025

Place and Date of Judgment:

Vancouver, B.C.  
July 21, 2025

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[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. (collectively, the “petitioners”).

[2] The petitioners seek an order extending the stay of proceedings imposed by the amended and restated initial order to September 17, 2025.

**Background**

[3] I described the background in my ruling in respect of the amended and restated initial order dated May 27, 2025, indexed as 2025 BCSC 1091: 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 are 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 \$7 million to Royal Bank of Canada (“RBC”), their principal secured creditor, and about \$3.97 million to the Canada Revenue Agency (“CRA”). This amount may be offset to some extent by a Goods and Services Tax credit. They also owe arrears to Insurance Corporation of British Columbia for insurance of the companies’ vehicles but expect to pay off these arrears by the end of this month.

[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, RBC’s application for the appointment of a receiver was adjourned.

[6] On May 27, 2025, the petitioners sought an amended and restated initial order under the CCAA, extending the stay of proceedings until June 25, 2025, so

that they could implement a restructuring plan. The Court granted this order and further adjourned RBC's application for the appointment of a receiver.

[7] In the time since the granting of the amended and restated 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 over \$36,000 over the period from May 22 to June 11, 2025, and over \$145,000 from June 12 to July 9, 2025;
- c) Hired and worked with two Certified Public Accountants to improve their financial recording and reporting systems;
- d) improved RBC's ability to monitor some of its collateral by implementing GPS tracking devices on some of its vehicles and trailers; and
- e) Received and agreed to a proposal letter from BVD Capital Corporation ("BVD") for funding of up to \$10 million, consisting of a factor facility of \$7 million and a demand loan of \$3 million.

**The Second and Supplemental Reports of the Monitor**

[8] The second report of the Monitor estimates the net equity of the petitioners' vehicle assets to be between \$3.055 million and \$3.771 million.

[9] It also notes that the accounts receivables total \$5.069 million, 75% of which are aged between zero and 60 days and all of which are considered fully collectible.

[10] The current approximate outstanding balances owed are \$3.97 million to CRA and \$7 million to RBC.

[11] The earliest the CRA will be able to schedule a trust examination is the end of July or August 2025.

[12] By the end of July 2025, the arrears owing to ICBC will be fully repaid by a \$500,000 payment made during this month.

[13] The Monitor is not aware of any material variances or any other matters that may otherwise be considered materially adverse.

[14] The Monitor prepared a third cash flow forecast and notes:

- a) the petitioners will not require additional financing in order to have sufficient liquidity to maintain its operations;
- b) It accurately projected that the petitioners would have approximately \$430K cash on hand at the end of the period from June 12, 2025 to July 9, 2025; and
- c) this forecast includes a \$500,000 payment to ICBC and \$1 million-payment to CRA.

[15] The Monitor observed that the petitioners demonstrated good faith and due diligence in advancing these CCAA proceedings. It reiterates that its review of the actual cash flows compared to the cash flow projections does not disclose any material adverse variances. It supports the stay extension to September 17, 2025, to allow the VK Group to continue operating, facilitate refinancing with BVD, and allow CRA sufficient time to schedule a trust examination that could result in a significant GST refund.

[16] Nothing has come to the attention of the Monitor indicating that the assets that are the subject of RBC security are eroding or otherwise rapidly diminishing in value. More generally, nothing has come to the attention of the Monitor indicating that the interests of any creditor or stakeholder will be materially prejudiced by the granting of the second stay extension. The Monitor believes that the VK Group has potential to make a viable plan of arrangement and notes that it has made substantial progress in a relatively brief period of time to stabilize its operations.

[17] Based on the Monitor's review, it concludes that the petitioners' business will have sufficient liquidity to maintain operations during the proposed second stay extension and they therefore support the petitioners' application for stay extension to September 17, 2025.

[18] In a supplemental report to the second report of the Monitor dated July 15, 2025, the Monitor notes that the period from June 12 to July 9, 2025, the VK Group's

cash flow actuals as to its anticipated budget were virtually identical, with a small surplus of \$3,482 on total closing cash of \$431,080.

[19] A fourth cashflow statement extends projections to September 17, 2025, and again projects that the petitioners will not require additional funding to have sufficient liquidity to maintain their operations. It is projected that they will have approximately \$349,679 cash on hand at the end of this period. Notably, no further arrears will be owing to ICBC.

[20] The Monitor reiterates that the VK Group is acting in good faith and with due diligence with respect to these proceedings, and RBC's security is not eroding or otherwise rapidly diminishing in value. The Monitor is not aware of any material variances nor is it aware of any matters that may otherwise be considered a material adverse change and it therefore reiterates its support for the petitioners' application to extend the stay to September 17, 2025

### **Legal Principles**

[21] 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.

[22] 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).

[23] In considering if an extension of the stay period is appropriate, the court determines whether the extension advances the remedial purpose of the CCAA:

*Century Services v. Canada (Attorney General)*, 2010 SCC 60 at para. 70;  
*Worldspan Marine Inc. (Re)*, 2011 BCSC 1758 at para. 12.

[24] The appropriateness of a stay extension is assessed by considering if 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”. The purpose of the CCAA is “to facilitate the survival of going concerns” by “permitting the debtor to continue to carry on business and, where possible, avoid the social and economic costs of liquidating assets”: *Century Services Inc.* at paras. 70 and 15.

[25] Additionally, 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*].

[26] 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.

[27] If it is too early to determine whether a debtor company will succeed in continuing its operations and it requires the protection of the court in order to do so, relief should be granted under the CCAA: *Long Potato Growers Ltd. (Re)*, 2008 NBQB 231 at paras. 43 and 65.

### **Positions of the Parties**

[28] RBC, the petitioners’ senior secured lender, is owed in excess of \$6.97 million. It opposes the extension of the stay of proceedings and, instead, seeks the appointment of a receiver. It asserts that the petitioners’ plan to obtain alternative financing is doomed to fail because it will not pay out RBC and CRA in full. In the

meantime, it alleges that RBC security is being eroded with no reasonable prospect of it being repaid.

[29] RBC further notes that about one-third, and possibly more, of the vehicle and trailer collateral securing its debt facilities are either non-operational or not in the possession of the petitioners.

[30] 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. Furthermore, RBC has lost faith in the management of the petitioners and does not foresee circumstances in which it will be repaid. RBC denies that the petitioners have demonstrated a viable plan and contends that its efforts are doomed to fail.

[31] Alternatively, if a second stay extension is granted, RBC wants the petitioners to resume operating its banking with RBC by using their existing and unfrozen RBC accounts instead of banking through its recently opened TD bank accounts. It also seeks copies of all past correspondence with BVD and to be copied on all future correspondence with them.

[32] The Monitor supports the relief sought by the petitioners for an extension of the stay to September 17, 2025. The Monitor's report notes that the petitioners' cashflow is improving, this positive trend is forecasted to continue, and the petitioners will not require any further financing to continue operating for the next two months.

### **Discussion and Disposition**

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

[34] The issue I must consider is whether the petitioners have presented a plan to stabilize their affairs and usefully further their efforts to reorganize in a manner that demonstrates that they are acting in good faith and with due diligence.

[35] In my view, the potential BVD financing supported by the petitioners' payment of \$10,000 to commence the due diligence process is a viable plan. I reject RBC's assertion that the BVD proposal is merely a hope and is not a real funding option. The details of BVD's proposal to provide \$10 million in funding suggests otherwise.

[36] The petitioners continue to generate approximately \$3 million per month in sales and its cash flow projection for the most recent period, ending July 9, 2025, suggests that its actual cash flow matched and, in fact, slightly exceeded the projections for this period.

[37] I am influenced by the Monitor's assertions that the petitioners will not require additional financing and have demonstrated good faith and due diligence in advancing these proceedings. I also place emphasis on the Monitor's finding that RBC's collateral is not notably eroding or rapidly diminishing in value and that the interests of creditors and stakeholders will not be materially prejudiced by the granting of a second stay extension.

[38] I recognize that at its highest, the credit facility on offer by BVD will not entirely pay out RBC and CRA. However, part of the amount owing to CRA is not subject to a deemed trust. Accordingly, s. 6(3) of the CCAA may operate so as to provide the petitioners with up to six months to pay this amount.

[39] The petitioners have made some progress in stabilizing their operations by demonstrating positive cashflow, albeit a limited amount, over the past few months. They are pursuing financing from BVD, a Canadian lender that has experience with the trucking industry and has provided a \$10 million proposal letter.

[40] The petitioners' debts are significant. In particular, an unascertained portion of the \$3.965 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.

[41] The petitioners are making some progress operationally and they are seeking a 60-day extension to September 17, 2025. I am satisfied that it is in the interests of

justice to extend the stay to permit the VK Group to continue operating, facilitate refinancing with BVD, and allow CRA sufficient time to schedule a trust examination that could result in a sizeable GST refund. Doing so will enable the petitioners to pay their creditors, including CRA and RBC, and continue their operations. They have demonstrated good faith by cooperating effectively with the Monitor and hiring two experienced accountants to improve their financial tracking and reporting.

[42] The petitioners are longstanding companies with significant revenue and a large number of employees. I am not convinced that the petitioners' attempts to find financing is doomed to fail because BVD has provided a proposal letter and is undertaking due diligence that may result in significant debt repayments to both RBC and CRA that will enable the petitioners to continue operating.

[43] In my view, granting this second extension supports the remedial purposes of the CCAA. I am granting an extension of the stay for a relatively short period of time, slightly less than 60 days, to September 9, 2025, in order to facilitate the restructuring of the petitioners' business.

[44] I am declining to order that the petitioners resume operating its banking through its unfrozen RBC accounts. I have already ordered that the petitioners provide full disclosure of their TD accounts to RBC on an ongoing basis. In my view, this is sufficient. I am also declining to order that the petitioners provide copies of all past and future correspondence with BVD. This correspondence may include confidential information that RBC is not entitled to. I have not been provided with any authority for the proposition that RBC, as the senior secured lender seeking to put the petitioners into receivership, is entitled to all communications the petitioners have with other prospective lenders.

[45] If substantial progress towards repaying RBC and CRA has not occurred by September 9, 2025, I will reconsider RBC's application for the appointment of a receiver.

[46] The application for a stay extension is granted to September 9, 2025.

[47] RBC's application for the appointment of a receiver is further adjourned to that date.

“Basran J.”