

IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *Royal Bank of Canada v. 1343173 B.C.
Ltd.,*
2025 BCSC 2124

Date: 20251029
Docket: H63775
Registry: Kamloops

Between:

Royal Bank of Canada

Plaintiff

And

1343173 B.C. Ltd. and Matt Ashley Stromsten

Defendants

Before: The Honourable B. Smith

Reasons for Judgment

Counsel for the Plaintiff:

S.A. Dubo

Counsel for the Defendants:

S.M. Gardner

Place and Date of Hearing:

Kamloops, B.C.
September 11, 2025

Place and Date of Judgment:

Kamloops, B.C.
October 29, 2025

Introduction

[1] This is a summary trial application by the plaintiff, Royal Bank of Canada (“RBC”), concerning various loan and security agreements (collectively, the “Agreements”) between it and the defendants.

[2] RBC has concerns over its security position with respect to the Agreements and seeks to advance enforcement proceedings by now obtaining an order for judgment and a receivership order.

Orders Sought

[3] RBC seeks three orders:

- an order for judgment (“Judgment”) against the defendant, 1343173 B.C. Ltd. (“134 BC”), as borrower and the defendant, Matt Ashley Stromsten (“Mr. Stromsten”), as guarantor;
- a receivership order (“Receivership Order”) appointing Grant Thornton Limited (“GT”) as receiver, without security, of all assets, undertakings, and property of 134 BC, including all proceeds thereof (collectively, the “Property”); and
- an order for all of RBC’s fees, costs and expenses.

[4] For the following reasons, the matter is suitable for determination by summary trial and all three orders sought are granted.

Summary Trial

[5] The defendants submit the application is not suitable for determination by summary trial because I am unable, on the whole of the evidence before me on the application, to find the facts necessary to decide the issues of fact or law, as is required by the *Supreme Court Civil Rules*, B.C. Reg. 168/2009, R. 9-7(15)(a)(i) [*Rules*]. Specifically, the defendants submit that I am unable to determine the Judgment amount. In the alternative, the defendants submit I could pronounce

judgment in favour of RBC and refer the matter to the registrar to determine the Judgment amount. The defendants submit that any determination of whether to appoint a receiver would be premature until the Judgment amount has been determined.

[6] The suitability of determining a matter by summary trial procedure was discussed in *Gichuru v. Pallai*, 2013 BCCA 60, at paras. 30–31:

[30] In *Inspiration Management Ltd. v. McDermid St. Lawrence Ltd.* (1989), 1989 CanLII 229 (BC CA), 36 B.C.L.R. (2d) 202 (C.A.), the court confirmed that the court under this rule “tries the issues raised by the pleadings on affidavits”, that “a triable issue or arguable defence will not always defeat a summary trial application”, and that “cases will be decided summarily if the court is able to find the facts necessary for that purpose, even though there may be disputed issues of fact and law” provided that the judge does not find “it is unjust to do so” (p. 211). In determining the latter issue (whether it would be unjust to proceed summarily), the Chief Justice identified a number of relevant factors to consider (at p. 215):

In deciding whether it will be unjust to give judgment the chambers judge is entitled to consider, inter alia, the amount involved, the complexity of the matter, its urgency, any prejudice likely to arise by reason of delay, the cost of taking the case forward to a conventional trial in relation to the amount involved, the course of the proceedings and any other matters which arise for consideration on this important question.

[31] To this list has been added other factors including the cost of the litigation and the time of the summary trial, whether credibility is a critical factor in the determination of the dispute, whether the summary trial may create an unnecessary complexity in the resolution of the dispute, and whether the application would result in litigating in slices: *Dahl v. Royal Bank of Canada et al.*, 2005 BCSC 1263 at para. 12, upheld on appeal at 2006 BCCA 369.

[7] Having reviewed and considered the affidavit evidence, I am satisfied that the matter is suitable for determination by the summary trial procedure. The evidence establishes the amount of indebtedness and addresses the factors for consideration in determining whether to grant a receivership order. It would not be unjust to give judgment based on the summary trial procedure. The matter is not particularly complex. There is some urgency in having the matter resolved, in that further delay will prejudice the plaintiff, specifically concerning its security position. Credibility is not a factor in the determination of the matter.

Sealing Order

[8] At the hearing before me on September 11, 2025, the defendants applied for a sealing order with respect to Mr. Stromsten’s five affidavits until further order of the court. The application was based on the affidavit contents and the exhibits, which contain confidentiality provisions prohibiting disclosure and engage the commercial interests of the defendants. The defendants’ position was that these reasons outweigh any limited public interest in access to the documents until further order of the court.

[9] RBC took no position on the defendants’ application.

[10] I granted the application and imposed the sealing order because I was satisfied it was appropriate, having regard to the test in *Sherman Estate v. Donovan*, 2021 SCC 25.

Background Facts

[11] The background facts set out below are derived from the affidavits of: Alex Wang, RBC Senior Manager of Special Loans and Advisory Services; a legal assistant to counsel for RBC; and Mr. Stromsten.

Parties

[12] 134 BC operates a trucking business under the name Stromsten Enterprises, which is headquartered in Kamloops. Mr. Stromsten is the director and owner of 134 BC and guaranteed payment of 134 BC’s indebtedness to RBC.

[13] RBC is the primary secured creditor of 134 BC.

Pleadings

[14] RBC commenced the action by notice of civil claim filed on November 25, 2024. 134 BC and Mr. Stromsten filed a response to civil claim on January 2, 2025, in which they denied all claims against them.

Credit Facilities

[15] RBC and 134 BC entered into a credit agreement dated October 27, 2023 (the “Credit Agreement”).

[16] Pursuant to the Credit Agreement, RBC agreed to extend certain credit facilities to 134 BC, including a revolving credit line demand facility (the “Credit Line”) and a Visa credit card to a maximum of \$100,000 (the “Visa”).

[17] Concerning the Visa, RBC and 134 BC also entered into a business card agreement dated April 4, 2023 (the “Visa Agreement”).

[18] Pursuant to the terms of the Credit Agreement, 134 BC agreed to pay all of RBC’s costs.

Security

[19] Pursuant to a general security agreement in favour of RBC dated April 4, 2023 (the “GSA”), 134 BC granted RBC a security interest in all its present and after-acquired personal property as security for all obligations, indebtedness and liability of 134 BC to RBC.

[20] Pursuant to the terms of the GSA, 134 BC agreed, among other things, that RBC is entitled to appoint a receiver upon default by 134 BC, and that it would pay all of RBC’s costs.

[21] Financing statements were properly registered in respect of the GSA with the BC personal property registry (“BC PPR”), including a first-in-time registration with respect to all 134 BC’s present and after-acquired personal property as granted by the GSA.

[22] RBC is the only creditor with a financing statement registered in the BC PPR in respect of a general security agreement from 134 BC. The remaining creditor registrations relate to collateral which are specific serial numbered goods consisting of vehicles or equipment.

Leases

[23] RBC and 134 BC also entered into an RBC lease agreement dated July 25, 2023, together with the following two associated leasing schedules (collectively, the “Master Lease”):

- a) Leasing Schedule #201000075208, dated July 28, 2023 (“Lease 1”), in connection with the lease of a used dump trailer; and
- b) Leasing Schedule #201000077149, dated November 1, 2023 (“Lease 2”), in connection with the lease of four trucks and two used side dump trailers.

[24] Pursuant to the Master Lease, 134 BC agreed, among other things, to make certain periodic lease payments to RBC, and pay all of RBC’s costs.

[25] No lease payments have been received by RBC under Lease 1 since April 2024, and under Lease 2 since May 2024.

Guarantee

[26] Pursuant to a written guarantee and postponement of claim dated July 13, 2023, Mr. Stromsten guaranteed payment to RBC on demand of all debts and liabilities at any time owing or remaining unpaid by 134 BC to RBC, limited to the amount of \$500,000 (the “Guarantee”).

[27] Pursuant to the Guarantee, Mr. Stromsten agreed to pay RBC on demand on August 29, 2024, at the rate of prime plus 5% p.a., and pay all of RBC’s costs.

Defaults and Demands

[28] The Credit Line and the Visa are payable on demand, regardless of default.

[29] On August 29, 2024, RBC issued demand to 134 BC demanding immediate repayment of its indebtedness due and payable pursuant to: the Credit Agreement; the Visa Agreement; Lease 1; and Lease 2. Concerning the GSA, RBC enclosed notices of intention to enforce security, pursuant to s. 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, C. B-3 [*BIA*].

[30] 134 BC did not pay.

[31] Also on August 29, 2024, RBC issued a demand letter to Mr. Stromsten demanding immediate repayment of his indebtedness due and payable pursuant to the Guarantee.

[32] Mr. Stromsten did not pay.

[33] RBC has concerns about its security position. RBC's security is mostly over vehicles and equipment, and without timely seizure of such assets, RBC's security position will deteriorate. In addition, interest continues to accrue on the indebtedness.

Current Indebtedness

[34] As of February 13, 2025, the defendants were indebted to RBC in the amount of \$2,214,710.40, plus accruing interest and costs.

Guarantee

[35] Pursuant to the Guarantee, Mr. Stromsten is guarantor in the amount of \$500,000, plus interest from and after the date of demand on August 29, 2024, at the rate of prime plus 5% p.a.

Receivership

[36] 134 BC has substantial tax debt outstanding for GST and unremitted source deductions. A balance sheet 134 BC provided to RBC dated July 31, 2024, disclosed GST payable of more than \$200,000 and unremitted source deductions of more than \$160,000. Interest and penalties are accruing on the outstanding tax debt.

[37] 134 BC has come to an agreement with the Canada Revenue Agency ("CRA") concerning payment of the outstanding tax debt. Part of the agreement requires 134 BC to make all necessary payments for 2025, which it has done.

[38] GT is a licensed trustee with experience in insolvency proceedings, including receiverships, and has consented to act as a receiver if appointed by the court.

[39] The proposed receivership order substantially reflects the terms of the BC Model Receivership Order.

Discussion

Judgment

[40] RBC is entitled to judgment.

[41] 134 BC has failed to make payments to RBC as and when due under the agreements between them.

[42] By failing to make payments when due, 134 BC is in default of its contractual obligations to RBC under: the Credit Agreement; the Visa Agreement; Lease 1; and Lease 2.

[43] 134 BC does not dispute its indebtedness to RBC and Mr. Stromsten does not dispute being a guarantor. 134 BC and Mr. Stromsten are contractually bound to do certain things which they have failed to do. Despite RBC's demand, the debt remains unpaid.

[44] RBC has been trying to get its application heard since March 2025:

- March 11, 2025 (RBC filed it's notice of application);
- April 14, 2025 (adjourned because of a scheduling dispute between counsel);
- May 12, 2025 (adjourned because of lack of court time);
- June 16, 2025 (unanticipated closure of the court);
- August 4, 2025 (no judge available); and
- September 11, 2025 (summary trial, judgment reserved).

[45] During the almost 14 months since RBC issued its repayment demand to the defendants, and the more than seven months which have elapsed since RBC filed

its notice of application, the defendants have not paid any amount towards their indebtedness.

[46] The amount of the Judgment is based on the amounts of indebtedness as at February 13, 2025, which are set out in Alex Wang’s affidavit, as follows:

Facility:	Indebtedness:	Interest Rate:
Credit Line	\$434,534.86	Prime plus 2.88% p.a.
Visa	\$96,273.26	19.99% p.a.
Lease 1	\$81,933.10	Not applicable
Lease 2	\$1,601,969.18	Not applicable

[47] The principal amount is not in dispute. Interest is not payable on the leases. The affidavit of a legal assistant for counsel for RBC establishes that, accounting for further accrued interest, the indebtedness as of April 14, 2025 was \$2,223,607.33, plus costs.

Receivership

Legal Framework

[48] Pursuant to s. 243(1) of the *BIA*, on application by a secured creditor, a court may appoint a receiver to do any or all the following “if it considers it to be just or convenient” to do so:

- (a) take possession of all or substantially all of the inventory, accounts receivable or other property of an insolvent person or bankrupt that was acquired for or used in relation to a business carried on by the insolvent person or bankrupt;
- (b) exercise any control that the court considers advisable over that property and over the insolvent person’s or bankrupt’s business; or
- (c) take any other action that the court considers advisable.

[49] Pursuant to s. 39 of the *Law and Equity Act*, R.S.B.C. 1996, c. 253 [*LEA*], a receiver or receiver manager may be appointed either unconditionally or on terms and conditions the court thinks just.

[50] In *Maple Trade Finance Inc. v. C.Y. Oriental Holdings Ltd.*, 2009 BCSC 1527 at para. 25 [*Maple Trade*] Masuhara, J., referenced the list of factors found in *Bennett on Receivership, 2d. ed.* (Toronto: Carswell, 1999) at p. 130 (“Bennett Factors”), which may inform the determination of whether it is just or convenient to appoint a receiver:

- a. whether irreparable harm might be caused if no order were made, although it is not essential for a creditor to establish irreparable harm if a receiver is not appointed, particularly where the appointment of a receiver 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 the 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 the right to appoint a receiver under the documentation provided for the loan;
- h. the enforcement of rights under a security instrument where the security-holder encounters or expects to encounter difficulty with the debtor and others;
- i. the principle that the appointment of a receiver is extraordinary relief which should be granted cautiously and sparingly;
- j. the consideration of whether a court appointment is necessary to enable the receiver to carry out its' duties more 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;
- p. the goal of facilitating the duties of the receiver.

[51] At para. 26 of *Maple Trade*, Masuhara, J. said: “The fact that the finance agreement acknowledged the right of the plaintiff to make application for a receiver is a strong factor in support of the imposition of a receiver”.

[52] Pursuant to s. 227(4.1) of the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.), His Majesty in right of Canada has priority over all other security interests regarding some tax debt concerning GST and employee source deductions.

Analysis

[53] It would be just and convenient to appoint a receiver. GT is an appropriate receiver. The proposed receivership order is appropriate.

[54] 134 BC has been in default of its obligations to RBC since at least August 2024, and RBC does not foresee any reasonable prospect of recovery without further enforcement action.

[55] 134 BC has not presented a refinancing plan or other plan satisfactory to RBC.

[56] Based on 134 BC's financial reporting available to RBC, 134 BC appears to be unable to meet its obligations as they come due.

[57] The defendants submit that RBC has not met the statutory test for appointment of a receiver. Accordingly, the defendants submit that appointment of a receiver should be denied or, in the alternative, postponed or, in the further alternative, the receiver's powers concerning marketing and sale of the defendants' assets ought to be postponed.

[58] Mr. Stromsten filed five affidavits on behalf of the defendants. RBC does not oppose my considering them all, noting that RBC is not prejudiced thereby, as they provide updates about proposed funding. RBC also submitted a further affidavit. The defendants do not oppose my considering it.

[59] In Mr. Stromsten's first affidavit, dated April 28, 2025, he deposed that the defendants had secured various long-term trucking contracts, as well a \$2,500,000 financing commitment from a private lender. The funding in respect of the \$2,500,000 financing commitment was supposed to have occurred on April 4, 2025, but did not, due to delays associated with obtaining appraisals on certain property

the private lender was using as collateral for its own loan from an institutional lender to fund its financing commitment to 134 BC.

[60] In Mr. Stromsten's second affidavit, dated May 14, 2025, he deposed that the appraisals which had prevented funding, on April 4, 2025, of the private lender's financial commitment to 134 BC, had since been completed, and that funding was expected to occur within the next 60 days. Mr. Stromsten acknowledged RBC's concerns regarding 134 BC's tax debt to CRA, stating:

As for RBC's concerns regarding CRA, we have already been in contact with CRA and have a payment arrangement in place. CRA has provided us with more than enough time to payout any existing debts using the profits from the existing contracts and we are current with our payroll source deductions.

[61] In Mr. Stromsten's third affidavit, dated May 22, 2025, he deposed the outstanding tax debt to CRA was approximately \$602,0000 and that between RBC and CRA there was "roughly 2.8 million owed".

[62] In Mr. Stromsten's fourth affidavit, dated June 17, 2025, he deposed that funding of the private lender's financial commitment to 134 BC had not yet occurred, and that he had been advised that "funding has been delayed due to some internal compliance issues" between the private lender and the institutional lender it had been dealing with concerning its own loan to fund its financing commitment to 134 BC. He deposed that the private lender had "pivoted and secured financing through a different third-party lender" that had "approved the deal and is proceeding to fund subject to minimal conditions". He deposed that as of June 17, 2025, the private lender had "advised that the funds will be released following the approval of title insurance, which is expected to be completed by the end of the week at the latest". A supporting mortgage approval document from the new third-party lender referred to an advance amount of \$2,082,545 net of fees.

[63] In Mr. Stromsten's fifth affidavit, dated July 31, 2025, he deposed that on June 24, 2025, 134 BC received funding of \$1,945,000 from the private lender, contingent on 134 BC being able to get RBC to discharge its security. 134 BC

returned the \$1,945,000 to the private lender after it was unable to get RBC's agreement.

[64] Mr. Stromsten's affidavits are supported by various contracts and financing documents. I am satisfied that these documents are what they purport to be, namely legitimate commercial documents evidencing legitimate efforts by the defendants to keep 134 BC a viable operation able to pay its creditors.

[65] I have considered the defendants' affidavits and submissions, *Maple Trade* and the Bennett Factors in my determination of whether it is just and convenient to order a receiver.

[66] Based on the information in its possession, RBC is unable to determine the amount 134 BC owes CRA which takes priority over its own security interest. RBC is concerned that the Crown may have a large in trust claim with priority, as the deemed trust arises from the time the tax and deductions should have been remitted. While there is a payment plan in place between 134 BC and CRA, CRA have not agreed to a waiver of their priority position, and any payment plan agreed to between 134 BC and CRA does not affect the Crown's priority position.

[67] The defendants rely on the authority of *Access Road Capital, LLC v. Bron Media Corp.*, 2023 BCSC 497, in which Macintosh, J. determined that a two-month postponement was justified due to the debtor's assurance that adequate financing to pay the creditor's claim would be in place within two months. Here, however, there is no such assurance.

[68] In essence, the defendants say they need more time to pay. Yet, despite already having had a lengthy period to pay, the defendants' prospects for financing have not materialized. There is no realistic plan for financing in the foreseeable future. The debt far exceeds the financing which was eventually obtained. It is not appropriate to delay enforcement any further. The secured assets are being used and are depreciating.

[69] The defendants submit RBC is the largest financial institution in Canada and, therefore, the impact on RBC of a postponed receivership is minimal. The defendants submit that, conversely, the impact on them, their families and their employees is severe and will negatively impact their safety, security and livelihood.

[70] I am sympathetic to the plight of the defendants and am alive to, and have considered, the impacts which appointment of a receiver will have on them and others. However, like any litigant, RBC is entitled to rely on its legal rights. For the following reasons, I find it would be both just and convenient to appoint a receiver:

- a) pursuant to the GSA, RBC has a general and continuing security interest in all of 134 BC's property;
- b) 134 BC has defaulted under its agreements with RBC and under the GSA, which entitles RBC to enforce its security, and gives RBC a contractual right to appoint a receiver;
- c) appointment of a receiver will protect RBC's interests by preserving and protecting 134 BC's assets;
- d) RBC appears to have no reasonable prospect of recovering 134 BC's indebtedness with enforcement action; and
- e) the balance of convenience favours the appointment of a receiver.

Costs

[71] RBC is entitled to costs on a full indemnity basis.

[72] RBC seeks costs of the application on a full indemnity basis, in an amount to be assessed. The defendants made no submission concerning RBC's entitlement to the costs order sought.

[73] In the Credit Agreement, 134 BC agreed as follows:

FEES, COSTS AND EXPENSES

The borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank liquidating or redeploying deposits acquired to make or maintain any facility.

[Emphasis Added.]

[74] No special wording is required to confirm an obligation to pay full costs: *Epoch Press Inc. v. Sewak*, 2011 BCSC 323 at para. 13; *Wanson (Bristol Development) Ltd. v. Sabha*, 2017 BCSC 2140 at paras. 9–13.

[75] I am satisfied that the above provision supports a finding that the intention of RBC and 134 BC was that RBC would be fully indemnified by 134 BC, and that costs on a full indemnity basis are therefore appropriate.

Orders

[76] The orders sought are granted.

[77] RBC's summary trial application is granted.

[78] RBC is granted judgment against 1343173 B.C. Ltd. as borrower and Matt Ashley Stromsten as guarantor, in the amount of \$2,223,607.33 together with post-judgment interest in accordance with the *Court Order Interest Act*, R.S.B.C. 1996, c. 79.

[79] Pursuant to s. 243(1) of the *BIA* and s. 39 of the *LEA*, Grant Thornton Limited is appointed as receiver, without security, of all the assets, undertakings and property of 1343173 B.C. Ltd. operating as Stromsten Enterprises (the "Debtor"), acquired for, or used in relation to a business carried on by the Debtor, on the terms

set out in the proposed receivership order attached as Schedule “A” to RBC’s notice of application filed March 11, 2025.

[80] RBC is awarded costs on a full indemnity basis in an amount to be assessed.

“B. Smith J.”

B. SMITH J.