CITATION: In the matter of the Bankruptcy of William Walid Heidary, 2026 ONSC 876
COURT FILE NO.: 32-2502115
DATE: 20260212

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ONTARIO

SUPERIOR COURT OF JUSTICE

IN BANKRUPTCY AND INSOLVENCY

William Walid Heidary Bankrupt	Kenneth H. Page, for the Bankrupt
	Matthew Harris, for the Trustee, Baigel Corp.
	Haley Marrison-Shaw, for the Attorney General (on behalf of His Majesty the King in the Right of Canada, as represented by the Minister of National Revenue), an opposing creditor
	Tim Braovac, for the Office of the Superintendent in Bankruptcy, a party opposing the Bankrupt's discharge
	HEARD: December 17, 2025

REASONS FOR DECISION

Associate Justice J. Kriwetz

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Overview

[1] The Bankrupt, William Walid Heidary, (the **"Bankrupt"**) seeks a discharge from bankruptcy.

[2] The trustee in bankruptcy, Baigel Corp., opposes the discharge. The Attorney General (on behalf of His Majesty the King in the Right of Canada, as represented by the Minister of National Revenue) (**"CRA")**, and the Office of the Superintendent in Bankruptcy (**"OSB"**) filed notices of opposition to the Bankrupt's discharge and appeared at the hearing.

[3] The respective positions of the parties will be set out in further detail below.

[4] The Bankrupt made an assignment in bankruptcy on April 23, 2019 (the **"Date of Bankruptcy"**).

[5] The Bankrupt made a proposal to his creditors pursuant to the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c. B-3, as amended (the ***"BIA"***), on February 17, 2011 (the **"Prior Proposal"**). The Bankrupt fully performed the terms of the Prior Proposal as of October 16, 2016.

[6] As of the Date of Bankruptcy, the Bankrupt was employed as a chiropractor through his professional corporation, Dr. William Heidary Chiropractic Professional Corporation (the **"WH Corp."**). WH Corp. also made a voluntary assignment in bankruptcy on the Date of Bankruptcy. The first appointed trustee for both the Bankrupt and WH Corp. was Scott Pichelli & Easter Limited (**"SPE Limited"**). The first meeting of creditors of the Bankrupt occurred on June 5, 2019, at which time Baigel Corp. was substituted for SPE Limited as the trustee of the Bankrupt's estate. Baigel Corp. will be referred to hereafter as the **"Trustee"**.

[7] After the Date of Bankruptcy, the Bankrupt continued to work as a chiropractor as a sole proprietor under the name Back on Track Wellness.

[8] On January 12, 2021, the Trustee filed the Report of Trustee on Bankrupt's Application for Discharge pursuant to s. 170(1) of the *BIA* (the **"s. 170 Report"**). In the s. 170 Report, the Trustee noted that the Bankrupt had failed to perform numerous duties under the *BIA* and indicated its intention to oppose the Bankrupt's discharge on the grounds set out in subsections 173(1)(a), (c), (d), (e), (j), (m) and (o) of the *BIA*

[9] The s. 170 Report also noted, among other things: (a) that the Bankrupt had unpaid income tax assessments of approximately $1.7 million, (b) that the creditor, MOS MortgageOne Solutions Ltd, (**"MOS"**) issued a notice of opposition to the Bankrupt's discharge citing several grounds under subsection 173(1) of the *BIA*, (c) that after SPE Limited was substituted as trustee for the Bankrupt's estate, the Trustee recalculated the Bankrupt estimated surplus income requirement to be $2,574.50 per month over 21

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months, for a total of $54,064.50 (a total of $42,840.00 had been paid as of the date of the s. 170 Report), and (d) that the Bankrupt included, as non-discretionary expenses on his Initial Budget Statement, monthly payments of $13,757.00 for child support and $1,000.00 per month for spousal support to his former spouse, pursuant to a interim separation agreement dated March 15, 2019 (the **"Interim Separation Agreement"**), and noted several issues with respect thereto, some of which will be set out below.

[10] The Bankrupt was examined by the OSB, through the Official Receiver, on November 14, 2019.

[11] The Trustee prepared a report dated July 5, 2020, pursuant to section 205 of the *BIA* (the **"s. 205 Report"**) setting out the grounds for its belief that the Bankrupt committed offences under the *BIA.* The s. 205 Report sets out in detail what the Trustee believed to be *"the issues of non-compliance with a bankrupt's duties pursuant to the Act and the significant discrepancies in the information that was provided to the Trustee, stakeholders and the Official Receiver by the Bankrupt."*

[12] The Trustee filed its First Supplementary Report dated November 5, 2021 (the **"First Supplementary Report"**) prior to a discharge hearing which had been scheduled for November 16, 2021. The First Supplementary Report detailed several failures by the Bankrupt to comply with his duties under the *BIA.* The Trustee recommended that the Bankrupt's discharge hearing be adjourned *sine die* until the Bankrupt has completed his duties and obligations.

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[13] The Bankrupt's first discharge hearing (the **"First Hearing"**) did not take place until January 27, 2022, because the Court had cancelled the November 16, 2021, hearing. Prior to the First Hearing, the Trustee submitted its Second Supplementary Report dated January 21, 2022 (the **"Second Supplementary Report"**), wherein it provided updated information and maintained its recommendation regarding the Bankrupt's discharge as set out in the First Supplementary Report.

[14] The s. 170 Report, the s. 205 Report, the First Supplementary Report, and the Second Supplementary Report were before the Court at the First Hearing. Associate Justice McGraw adjourned the Bankrupt's discharge hearing *sine die* and issued an order requiring the Bankrupt to produce various information and documents with 45 days (the **"Production Order"**).

The Trustee's Third Supplementary Report

[15] In advance of the Bankrupt's discharge hearing of December 17, 2025, the Trustee delivered its Third Supplementary Report dated December 4, 2025 (the **"Third Supplementary Report"**), the key points of which are set out in this part of the reasons.

[16] The Trustee reported that the Bankrupt has not fully complied with the terms of the Production Order. On March 11, 2022, the Bankrupt had provided various unsorted documents to the Trustee, which necessitated the Trustee spending a significant amount of time and effort to review the documents and

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attempt to reconcile them with the items which were ordered to be produced in the Production Order. The Trustee's reconciliation notes are set out in an appendix to the Third Supplementary Report.

[17] The Trustee sought the Production Order to, among other things, obtain the necessary information required to calculate the surplus income payable by the Bankrupt. The Trustee stated, however, that the information provided was not sufficient to verify the Bankrupt's income or his surplus income obligation. Based on the information provided by the Bankrupt regarding his income and expenses, which the Trustee states that it has been unable to verify, and assuming his reported non-discretionary expenses are proper, the Trustee's calculation shows that the Bankrupt's surplus income payable obligation to be significantly higher. The Trustee acknowledges, however, that its calculations are subject to revision upon review of the Bankrupt's income tax payments, the details of which he had not provided.

[18] With respect to the Interim Separation Agreement, the Trustee noted that it was entered into less than two months before the Date of Bankruptcy, that it did not include a provision for the payment of expenses under section 7 of the federal child support guidelines (in this regard, I note that the said report incorrectly referred to these as expenses under section 7 of the Ontario *Family Law Act*), and that, based on the Bankrupt's reported income at the time, he was making higherchild support payments under the Separation Agreement than what is set out in the federal child support guidelines. The Trustee stated that it has made numerous requests of the Bankrupt to provide information to support the payments, and to provide a copy of

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the finalised separation agreement, but he had not done so.

[19] In summary, with respect to the Bankrupt's surplus income payment obligations, the Trustee stated, because the Bankrupt has not complied with his obligations to provide the required information, it is not possible to determine with accuracy what his payment obligations should be, and that based on the material which has been provided *"it is probable that the current surplus income contributions are materially deficient."*

[20] With respect to the Bankrupt's income tax obligations, the Trustee stated, among other things, that it is in possession of copies of his 2019 pre-bankruptcy and post-bankruptcy returns, as well as his 2020 return. The Trustee also confirmed with CRA's counsel that the Bankrupt had filed his tax returns for the 2021 through 2024 years. The Trustee had not, however, been provided with copies of the 2021 through 2024 returns and could not, therefore, verify the Bankrupt's reported income, nor the amount of taxes paid. From information received from CRA's counsel, the Trustee reported that the Bankrupt does not owe any arrears for 2019 post-bankruptcy, or for 2020 through 2022, that he is current for GST/HST and payroll payments for his business, and that he owes $82,367.88 for 2023, inclusive of principal, interest and penalties.

[21] The Trustee also noted that the Bankrupt's 2020 return reported business income of $300,618.22 and other income of $6,000.00. The allowable support payments were

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reported to be $10,716.00, which is less than the amount set out in the Interim Separation Agreement and the amounts the Bankrupt reported as paid on his monthly income and expense reports.

[22] The Trustee also reported that the Bankrupt had not provided an updated list of his assets.

[23] It is also reported that the Bankrupt purchased equipment from WH Corp's trustee in bankruptcy, SPE Limited, which provided a detailed trial balance to the Trustee showing the receipt of twelve payments of $1,722.00. The Trustee has not, however, been provided with a copy of a bill of sale or agreement of purchase and sale with respect to the equipment. The Trustee also stated that, because the Bankrupt is related to WH Corp., there should have been a court order authorising the sale of the equipment, but it has not been provided with any such order.

[24] Information obtained by the Trustee indicated that the amount paid for the said equipment by the Bankrupt was $21,264.00, the value of which was supported by an appraisal obtained by SPE Limited. The Trustee reported that the purchase of the equipment by the Bankrupt is an acquisition of an after-acquired property that vests in the Trustee, subject to certain exemptions and third-party rights.

[25] Furthermore, the Trustee noted that, based on its review of the Bankrupt's banking records, he seems to have been making finance or lease payments for business equipment, but the Trustee has not been provided with any details of any such arrangements.

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[26] The Trustee also discovered that the Bankrupt may be involved with a company called WINKZZZ Inc. (“WINKZZZ”). WINKZZZ was incorporated on October 30, 2020. It produces pillows and related items. According to the corporate profile for the company, its sole officer is Adelina Doppler. Ms. Doppler is employed by the Bankrupt in his chiropractic practice. The WINKZZZ website states that the Bankrupt is the company’s creative designer, but evidence from media reports of comments attributed the Bankrupt, suggest he may a proprietary interest in the company. The Trustee also stated that the Bankrupt may have induced investors into lending money to the company without disclosing that he is an undischarged bankrupt. The banking records received by the Trustee also indicate that the Bankrupt made payments to WINKZZZ in the total amount of $29,100.00 between November 19, 2021, and January 31, 2022, but the Bankrupt had not provided the Trustee with any details about such payments.

[27] The Third Supplementary Report also noted that the Bankrupt uses a TD Visa credit card, that is a joint credit card account with a person named Mark Doppler, who appears to be related to Adelina Doppler. The Bankrupt had not, however, provided the Trustee with any information about his relationship with that individual.

[28] In response to the Production Order, the Bankrupt produced a copy of a lease agreement relating to the premises from which he carries on his chiropractic practice. The lease is dated August 1, 2004, and is between Appleby Common Inc., as landlord, and 1419552 Ontario Inc. (**“141”**), as tenant. The Bankrupt also produced a lease extension and amending agreement dated May 1, 2015, between 2262351 Ontario Inc, as landlord,

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and 141 operating as Back on Track, as tenant, and the Bankrupt as guarantor. The Trustee obtained a corporate profile for 141 dated July 14, 2023, which indicates an incorporation date of June 16, 2000, and shows the Bankrupt, and Gillian Anslow, whom the Trustee believes is the Bankrupt's estranged spouse, as officers and directors. The Trustee noted that, under the provisions of the Ontario *Business Corporations Act,* an undischarged bankrupt is disqualified from being a director of a corporation. The Trustee stated that the Bankrupt had not disclosed his interest in 141.

[29] The Third Supplementary Report also noted that the Trustee was required to deal with issues arising from a negligence claim made against the Bankrupt and WH Corp.

[30] The Trustee also reported that, on October 18, 2018, MOS obtained a judgment against the Bankrupt and his estranged spouse. Then, on March 15, 2021, MOS successfully obtained a declaration that the debt underlying the judgment survives the bankruptcy pursuant to s.178(d) and (e) of the *BIA,* and that the stay of proceedings afforded by s. 69.4 of the *BIA* does not operate in respect of the judgment. The Bankrupt's appeal of the declaratory order was dismissed by the Court of Appeal for Ontario on July 28, 2022. At this hearing, the Bankrupt advised the Court that he and MOS have since reached a settlement, the terms of which are subject to a confidentiality agreement.

[31] The Third Supplement Report also states that the Bankrupt initially advised the Trustee that he only had one bank account with First Ontario Credit Union for all his business and personal matters. During the course of the administration of the bankruptcy,

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however, the Trustee learned of other previously undisclosed bank accounts and credit cards, the details of which are set out in the said report.

[32] Based on its review of the transactions shown in the bank statements and income and expense returns, the Trustee has highlighted that, between July 2019 and January 2022, it appeared that the made *"financial transactions, including payments, transfers and withdrawals, in relation to:*

a. *'casinos;*

b. *website domain names and patents;*

c. *various credit cards;*

d. *travel expenses, including golf, hotels and dining;*

e. *personal payments;*

f. *Financial Services Regulatory Authority and the Government of Canada;*

g. *the Back On Track Wellness CIBC bank accounts;*

h. *cash withdrawals;*

i. *presumed child support and spousal support;*

j. *school residence expenses, in addition to presumed child support and claimed as presumed Section 7 Expenses;*

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k. a DRX machine, presumed to be equipment used in his business

l. landlord(s); and

m. Adelina Doppler (also known as Lina Doppler).”

[33] The Trustee also reported finding payments for a TD Visa card *“to Adelina Doppler to settle expenses incurred in an account in the name of Mark Doppler, with a cardholder name of ‘Dr. William Heidary’. The credit card transactions appear to be, mainly if not all, for personal expenditure.”*

[34] The Trustee further reported that it has been unable to perform a complete reconciliation of the Bankrupt’s personal income and expense reports to the financial information it was able to obtain from the Back On Track Wellness accounting software, the credit card statements, and the bank statements. The Trustee also stated that it is unable to prepare a complete reconciliation without full and complete information from the Bankrupt.

[35] As noted above, the Trustee initially opposed the Bankrupt’s discharge on the grounds set out in s. 173(1)(a), (c), (d), (e), (j), (m), and (o) of the *BIA.* In view of the fraud declaration noted above, the Trustee now also relies of s. 173(1)(k) of the *BIA.*

[36] In addition to the OSB and CRA, and MOS also filed a notice of opposition to the Bankrupt’s discharge, but as mentioned above, a settlement has been reached between MOS and the Bankrupt, and MOS did not appear at the discharge hearing.

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[37] In view of the foregoing, the Trustee recommends that the Bankrupt's discharge be refused.

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The Bankrupt's Notice of Dispute

[38] The Bankrupt filed a Notice of Dispute of the Third Supplementary Report dated December 4, 2025 (the **"Notice of Dispute"**). Briefly, the Bankrupt's position in the Notice of Dispute is summarised as follows:

(a) He disputes that he has been operating, or has an interest in, another business, apart from his sole proprietorship.

(b) He disputes the allegation that he has not provided sufficient information to the Trustee to verify his income and surplus income obligation

(c) He states that the Trustee's calculations of the surplus income obligation are based on arbitrary figures, are not in accordance with the information contained in his Notices of Assessment, and do not provide appropriate credit for the income taxes he has paid.

(d) He submits that he has, in fact, overpaid his surplus income obligation.

(e) He disputes the Trustee's conclusions regarding the "overpayment" of his child support obligations and the effect that would have on his surplus income obligations.

(f) He states that he has provided, among other things, copies of his Notices of Assessment for 2020 through 2023 (which, I note were included in a Document Brief uploaded by the Bankrupt the day before this discharge hearing), and he advised that he is awaiting the 2024 Notice of Assessment to be completed.

(g) He states that he has paid all taxes owing up to and including 2023.

(h) He disputes the Trustee's allegations regarding his relationship with WINKZZ and states that he has no ownership interest in WINKZZZ, nor has he provided any funds to that company.

(i) He does not dispute the Trustee's allegations with respect to 141, but states that entity is merely a shell corporation which sole purpose is to hold the lease on the premises from which he operates his chiropractic practice as a sole proprietor.

(j) He acknowledges that he has various credit cards, which he states he disclosed to the Trustee.

The Bankrupt's Evidence

[39] At the hearing, the Bankrupt testified under oath. The following is a brief summary of his testimony.

Examination in Chief

[40] He is currently 59 years old. He is currently married for the second time. He has three children from his first marriage and two from his second. His children range in age

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from 31 years to 6 months. The children from his first marriage live with his estranged spouse. His second spouse is currently on maternity leave

[41] He lives in rented premises in Copetown, Ontario. He works full-time as a chiropractor in a sole proprietorship called Back On Track. He acknowledged having purchased the assets from WH Corp. after that company's bankruptcy.

[42] The Bankrupt testified that the reasons for his bankruptcy were related to issues involving his estranged spouse, including issues relating to a semi-professional soccer team that she had operated for four years. He also stated that the debt incurred to CRA was related to the soccer team. He also mentioned that his children at the time were enrolled in private school.

[43] He reiterated that 141 is a non-active corporation which holds the lease on the space from which he works and that he is personally liable under the lease. He says that he pays the rent because 141 does not have a bank account.

[44] He acknowledged making child and spousal support obligations pursuant to the Interim Separation Agreement. He stated that he and his estranged spouse were each represented by counsel at the time it was negotiated. He advised the Court that he is current in his payment obligations under the Interim Separation Agreement, and that the payment obligations thereunder have not changed.

[45] With respect to WINKZZZ, the Bankrupt advised that it makes a cervical corrective pillow, which he designed. He stated that he is not an officer or director, nor is

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he an owner of that corporation. He denies receiving any payments from WINKZZZ and thinks it may not be operating any longer. He has purchased a few pillows from the company, which he sells to patients.

[46] He confirmed the settlement of the matter involving MOS but could not provide any details because of the settlement includes confidentiality clause.

[47] He has two bank accounts at Meridian Credit Union. His bank accounts at CIBC, Bank of Nova Scotia, RBC and First Ontario have all been frozen. He stated that he has contacted those institutions requesting copies of the account records, but he has not received them.

[48] The Bankrupt testified that he has a Capital One credit card and two TD credit cards.

[49] He stated that his tax payments are up to date, including his instalment payments, and that his 2024 income tax return was filed but he has not received a notice of assessment for it.

[50] The Bankrupt acknowledge making a $22,000.00 post-bankruptcy loan to his father for some building project with which his father was involved. Apparently, the loan amount was deducted from the settlement with MOS, and he stated that he is a creditor in the settlement.

Cross-examination

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[51] The Bankrupt was cross-examined by the respective counsels for the Trustee, CRA and OSB.

[52] Many of the questions put to the Bankrupt on cross-examination related to the Trustee's allegations that he had not complied with his obligations under the *BIA* and the Production Order. The Bankrupt's responses to many of these questions were either, that the Trustee did not ask for the information, that he was not aware of obligations to provide certain information, that he did provide various information to the Trustee or its predecessor, SPE Limited, or that he does not recall whether he provided certain information to the Trustee. He also testified that, at one time, the Trustee had told him he was sending it too much information. In some instances, some examples of which are described below, he admitted to not having provided certain information to the Trustee.

[53] Some items of note in the Bankrupt's cross-examination testimony included the following:

(a) With respect to the separation from his estranged spouse, he stated the final separation agreement is the same as the Interim Separation Agreement. His divorce was finalised on May 17, 2024, but he did not provide a copy of the order to the Trustee because he was not asked to do so. When asked why he had only claimed $10,000.00 of support payments on his tax returns, he said that amount was for spousal support, and he has no recollection of whether he registered both the child and spousal support arrangement with CRA as required under the terms of the Interim Separation Agreement. The Bankrupt testified that his income

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dropped from over $700,000.00 per year in 2018 to approximately $250,000.00 - $280,000.00 currently but he has not taken any steps to vary the support obligations under the Interim Separation Agreement. He is also supporting two of his children who are enrolled in post-secondary programs with tuition payments, the details of which he had not previously disclosed to the Trustee.

(b) When asked why he did not advise the Trustee of his current address until his testimony at the hearing, he said that he was not aware of his obligations.

(c) In the same way also, he was referred to the Production Order asked whether he complied by providing his notices of assessment to the Trustee, to which he responded that he did so as soon as he had them.

(d) He was directed to his Statement of Affairs, which did not include any information about his bank accounts, to which he responded that, to the best of his knowledge, he had provided the information to the Trustee.

(e) He said that because his bank account at CIBC had been frozen, he opened a bank account at Meridian to operate his business, but he did not advise the Trustee.

(f) He uses a supplementary credit card, the primary holder of which is Mark Doppler, the husband of his assistant, Adelina Doppler. He did not fill out an application for the said card, and although he was aware that, as an undischarged bankrupt, of

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his obligation not to obtain credit, he did not advise the issuing bank of his bankruptcy.

(g) With respect to the loan to his father, he testified that it was made four years ago, and the monies to make the loan were drawn on the CIBC account. He stated that he advised the Trustee about the loan. The loan has not been repaid.

(h) He did not advise the Trustee of the details of the settlement with MOS. He is making payments under the settlement, which are drawn from his account at Meridian.

(i) With respect to WINKZZZ, he was taken to various portions of the Third Supplementary Report which seems to suggest that he was actively involved with the company, and it was put to him that he is the de facto owner of that company. He denied that he was the de facto owner and stated that his only role was that of creative designer. He stated that he does not receive any payments from that company. He sells two or three of the WINKZZZ pillows per month at his clinic for $200.00 each, which he purchases at a cost $135.00 each. Payments to WINKZZZ for the pillows are made through his Meridian business account. He also stated that he was unaware of the payments to WINKZZZ in the amount of $29,100.00 and is not aware of making any other payments to the company. He has not provided the Trustee with any details about the many suppliers to his business because he stated he has never been asked to do so.

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(j) He was referred to that portion of the s. 205 Report which compared the statement he made to the Official Receiver concerning his gambling to the cash withdrawals made by him at a casino, and he does not dispute the amounts stated in the said report. He said he considers himself to addicted to gambling but he has stopped. He has not sought treatment or counselling for the addiction but had self-excluded for a year. However, he attended at an event since the self-exclusion expired at which time he gambled again. The extent of his post-bankruptcy gambling is not clear.

(k) With respect to his taxes, he has been current over the last three years but was in default prior to that time. He acknowledged having at one time made an arrangement with CRA to pay his tax arrears, but he defaulted on those arrangements because his income had dropped and he had to pay expenses which he attributed to his estranged wife.

(l) He gave evidence relating to his residence history. He currently rents a home for $4,200.00 per month, which he pays by cheque from one of his Meridian accounts.

(m) He described his business pre-bankruptcy and post-bankruptcy, stating that the level of business dropped because of the COVID pandemic.

(n) With respect to his three credit cards, the Bankrupt testified that one, which was mentioned above, is with Mark Doppler, as the primary cardholder with a limit of $5,000.00, one is with his current wife as the primary cardholder with a limit of $12,000.00, and one is with Capital One with a limit of $2,500.00. He stated that

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he did not advise the Trustee about the first two cards mentioned above and stated that he does not use them very often.

(o) He began living with his current wife in June 2021. She is currently on maternity leave, and he does not know how much, if anything, she is being paid while she is on leave. He testified that she earns less than $50,000.00 annually as, what seems can be described as children's party planner. Their wedding consisted of twenty-five guests and the cost of which was paid for by family. He stated that they received non-cash wedding gifts valued at approximately $4,000.00.

(p) The Bankrupt testified about his business, including the change in the number of employees pre-bankruptcy and post-bankruptcy, the number of rooms in the space rented, the lease arrangements for the business, and the various equipment acquired. In particular, he testified that he acquired a particular piece of equipment post-bankruptcy, at a cost of $35,000.00, which he did not disclose to the Trustee, but which has been paid in full. He stated that the market value of the other equipment in the chiropractic practice is estimated to be $21,000.00

(q) When asked how he changed his lifestyle to avoid another bankruptcy, the Bankrupt stated that he has been proactive in paying his obligations, including his tax obligations, he makes sure that his filing obligations are completed in a timely fashion, and he has stopped gambling.

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The Bankrupt's Submissions

[54] The Bankrupt submits that a refusal of his discharge is not what should be ordered in this case because appropriate conditions could be imposed would allow him to be discharged after being in bankruptcy for more than six and half years.

[55] The Bankrupt also submits that most of the gambling debts were incurred pre-bankruptcy. He further submits that he demonstrated rehabilitation in maintaining his support and tax obligations, and settling the fraud claim of MOS.

[56] With respect to the non-disclosure of the bank accounts, the Bankrupt submits that the Statement of Affairs requires disclosure of assets but does not specifically ask for a listing of bank accounts.

[57] He further submits that the gambling issue can be addressed through self-exclusion and an undertaking not to revoke it.

[58] With respect to the surplus income issue, he submits that the Trustee has not given him credit for the income taxes paid. The Bankrupt has put forward his own calculations of his surplus income obligation based on the income in his notices of assessment for 2019, 2020, 2021 and 2022, results in a surplus income obligation of approximately $23,000.00 for 2019, but nothing thereafter.

[59] With respect to the equipment purchased from the trustee for WH Corp. for approximately $21,000.00, the Bankrupt submits that $10,000.00 of that amount is exempt.

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[60] The Bankrupt also submits that there is no evidence that he owns any shares in WINKZZZ or that the shares have any value.

[61] With respect to the loan to his father, the Bankrupt submits that because he has met his surplus income obligations, he is free to do what he wishes with any money after that.

[62] The Bankrupt referred to the Ontario Court of Appeal decision in *Bank of Montreal v. Giannotti,* 2000 CanLII 16928, where the Court determined that the bankrupt was not entitled to a discharge given the circumstances of that case. The Bankrupt submits that the Court of Appeal noted that a refusal of a discharge from bankruptcy is a harsh outcome which should only be applied in extraordinary cases, but that this was not such a case.

[63] Therefore, the Bankrupt submit that he be granted a conditional discharge.

CRA's Submissions

[64] CRA opposes the Bankrupt's discharge on the grounds set out in s. 173(1)(a) and (j) of the *BIA*, as set out in its Notice of Opposition, and it also relies upon the grounds set out in s. 173(1)(e), (k), (m), and (o) of the *BIA,* as set out in the Third Supplementary Report.

[65] CRA submits that the Bankrupt is sophisticated and that he has arranged his affairs by making larger than required support payments and has not sought to vary them notwithstanding his testimony that his income has declined significantly since he entered

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into the Interim Separation Agreement. It also points out that the Bankrupt has not complied with his obligations under the *BIA.* Furthermore, CRA submits that it appears the Bankrupt's after-tax income is less than his monthly rent and support obligations and the amounts he is paying under the settlement with MOS (the amount of which is unknown). CRA also notes that there is little information about the Bankrupt's wife's income, that there are few details concern the loan he made to his father, and that the information he gave about his gambling is weak.

[66] In conclusion, CRA submits that the Bankrupt is not an "honest debtor" who has fallen on difficult times but nevertheless should be granted a conditional discharge.

The OSB's Submissions

[67] In its brief submissions the OSB states that a discharge from bankruptcy is for an honest but unfortunate debtor. The Bankrupt, however, has not complied with his duties, and therefore, is not entitled to a discharge.

The Trustee's Submissions

[68] The Trustee submits that the appropriate order in this case is to refuse the discharge. It drew the Court's attention to *Re Brar,* unreported endorsement - Court File No. 31-2120334, affirmed, 2018 ONSC 3232 and *Re Zakharov,* unreported endorsement – Court File 32-2263162, where, in each case, the Court refused to grant a discharge to the bankrupt on the basis that the bankrupt's conduct was such that to do so would undermine the integrity of the insolvency system.

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[69] The Trustee further submits that the Bankrupt has exhibited a pattern of behaviour which demonstrates his lack of cooperation. He provided information to the Trustee only after court orders were obtained, and even then, the Bankrupt still has not fully complied with his duties. It also submits that the Bankrupt seems to have incurred at least $20,000.00 in post-bankruptcy gambling, that he remains a director of 141 when he ought not to be, that the Bankrupt has provided no explanation as to where the funds came from to purchase the $35,000.00 piece of equipment described above, and that there is no explanation of why it appears that his expenses exceed his income.

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Disposition

[70] The *Bank of Montreal v. Giannotti* case notes that one of the principal policies of the *BIA* is to rehabilitate an *"unfortunate debtor"*. [at para. 11] That policy, however, *"must be balanced with the interests of creditors who have lost money because of the bankrupt's conduct."* [at para. 12] The Court further stated that the debtor entitled to the relief of a discharge is one who is "unfortunate" and "honest" [at para. 13] .At paragraph 15 of the Court noted: *" a dishonest debtor, and a debtor unwilling to make full disclosure of his financial affairs, is entitled to no relief under the BIA."* (emphasis added)

[71] The Court acknowledged that the refusal of a discharge was *"a harsh step… which should be resorted to in extraordinary cases"* [at para. 26], but then set out several reasons why the bankrupt in that case was not entitled to a discharge, including (a) his failure to cooperate with his trustee, which the Court noted, the integrity of the bankruptcy

system requires, and (b) his failure provide full and complete information regarding his income and expenses.

[72] At paragraph 27 of the decision, the Court further stated,

> *"The BIA seeks to provide relief to honest and unfortunate debtors. The word "honest" introduces a strong element of integrity into the administration of the Act. In my view, a reasonable member of the public would seriously question the integrity of the BIA if* (the bankrupt) *was given any form of relief at this juncture. He has not been honest with the trustee or the bankruptcy court. He is free to re-apply for a discharge, but he must co-operate with the trustee and make full disclosure of the relevant facts."*

[73] In this case, the Bankrupt has come to this Court seeking a conditional discharge, but the evidence reveals many examples of failures to cooperate with the Trustee and to comply with his duties under the *BIA.* There is still more information which the Trustee requires, which the Bankrupt has not provided. By making an assignment in bankruptcy, the Bankrupt cannot simply acquire the protections of the *BIA* without assuming its responsibilities. I do not accept the Bankrupt's testimony at the times he stated that he was not aware of his obligations, nor do I generally accept his evidence in the instances where it conflicts with the information reported by the Trustee. I find that the times when he stated that he did not provide certain information because he was not asked to be disingenuous.

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[74] The Bankrupt argues that, according to his calculations, he has paid more surplus income than he was required to pay, and that the Trustee is incorrect in reporting that he may have underpaid. The Bankrupt may ultimately be proven correct, but at this time, without the full and complete information from the Bankrupt, the Trustee cannot conclusively determine whether he has, in fact, met his surplus income obligation.

[75] With respect to WINKZZZ, I do not think there was sufficient evidence before this Court to conclude that the Bankrupt is the de facto owner of the company, but there was sufficient evidence to raise a suspicion that the Bankrupt is or was more involved than he has stated. What is particularly troubling, though, is that, once again, the Bankrupt did not disclose any of this information to the Trustee.

[76] With respect to 141, while the evidence does not indicate that its role is nothing more than the holder of the lease of the premises from which the Bankrupt operates his business, it was the Trustee which discovered that the Bankrupt remains registered as its director while he is an undischarged bankrupt, which is contrary to the provisions of s. 118(1) of the Ontario *Business Corporations Act.* Again, the Bankrupt failed to disclose his interest in the said company.

[77] I agree with the submissions of CRA that insufficient information has been provided with respect to the income of the Bankrupt's spouse, the loan arrangements between the Bankrupt and his father, and the extent of the Bankrupt's post-bankruptcy gambling. I also agree that, from the evidence, it appears that the Bankrupt's expenses

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exceeds his reported income. This merits further disclosure from the Bankrupt and further inquiry by the Trustee.

[78] I also find the circumstances surrounding the Interim Separation Agreement very curious. It was entered into shortly before the Bankrupt made the assignment in bankruptcy. He agreed to make child support payments in excess of the federal guidelines based on his stated income at the time, but he does not seem to report the full payments on his income tax returns. He has also not sought to vary those payments after stating that his income declined. He also made additional tuition payments for the education of two of his children but did not advise the Trustee of those payments.

[79] Based on the evidence before this Court, I am satisfied that the facts under s. 173(1)(a), (c), (d), (e), (j), (k), (m) and (o) of the *BIA* have been proven. I am mindful the Bankrupt has been in bankruptcy since April 23, 2019, but the major reason for the lengthy duration is attributable to the Bankrupt's conduct. Nevertheless, until the Bankrupt provides the Trustee with full and complete information, it is not possible to determine what conditions are reasonable and appropriate to order a discharge at this time. Furthermore, based on the evidence before this Court, I cannot conclude that the Bankrupt is an "honest but unfortunate debtor" who is entitled to a discharge at this time. To grant a discharge at this time would, in my view, undermine the integrity of the insolvency system.

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[80] Therefore, the Bankrupt's discharge is refused. He is, however, free to re-apply for a discharge in one year's time, but he must co-operate with, and make full disclosure of all relevant information to, the Trustee.

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Associate Justice J. Kriwetz

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ONTARIO

SUPERIOR COURT OF JUSTICE

IN BANKRUPTCY AND INSOLVENCY

2026 ONSC 876 (CanLII)

William Walid Heidary

Bankrupt

REASONS FOR DECISION

Associate Justice Kriwetz

Released: February 12, 2026