

**CITATION:** IN THE MATTER OF THE PROPOSAL OF CHRISTOPHER LEMIEUX, 2026  
ONSC 1470

**COURT FILE NO.:** 33-3235226  
**MOTION HEARD:** March 2, 2026

**SUPERIOR COURT OF JUSTICE - ONTARIO**

**RE:** IN THE MATTER OF THE PROPOSAL OF CHRISTOPHER LEMIEUX

**BEFORE:** Associate Justice Kamal

**COUNSEL:** Eric Dwyer, for the Christopher Lemieux

**REASONS FOR DECISION**

**Overview**

1. The Licensed Insolvency Trustee (“LIT”), Bernier & Associates Inc., seeks an order approving a consumer proposal.
2. Section 59(3) of the *Bankruptcy and Insolvency Act (BIA)* states where any of the facts mentioned in [section 173](#) are proved against the debtor, the court shall refuse to approve the proposal unless it provides reasonable security for the payment of not less than fifty cents on the dollar on all the unsecured claims provable against the debtor’s estate or such percentage thereof as the court may direct.
3. Section 173(a) includes the following
  - (a) the assets of the bankrupt are not of a value equal to fifty cents on the dollar on the amount of the bankrupt’s unsecured liabilities, unless the bankrupt satisfies the court that the fact that the assets are not of a value equal to fifty cents on the dollar on the amount of the bankrupt’s unsecured liabilities has arisen from circumstances for which the bankrupt cannot justly be held responsible.
4. The assets of the Debtor, Mr. Lemieux, are less than fifty cents on the dollar of his liabilities. However, the LIT argues that this fact has arisen because of circumstances for which he cannot justly be held responsible.
5. For the reasons that follow, the proposal is approved.

**Issue**

6. Broadly speaking, the sole issue is whether the Court should approve Mr. Lemieux’s proposal.
7. The focus of this decision will be whether section 173(a) is established, and therefore, whether security is required pursuant to section 59(3).

## Analysis

### General Principles

8. The *BIA* serves two key purposes. Firstly, to equitably distribute the assets of the debtor and secondly, to permit his rehabilitation as a citizen, unfettered by past debts. The scheme of the *BIA*, whether under a bankruptcy or proposal, is about balancing the interests of the creditors who have lost money and the rehabilitation of the debtor (or bankrupt), while also protecting the interests of the public and commercial morality. See: *In the Matter of the Bankruptcy of Vukosav Zivic*, 2022 ONSC 3604 at paragraph 179
9. In many cases of consumer bankruptcy, the debtor has very few or no assets to distribute to his or her creditors. In those cases, rehabilitation becomes the primary objective of bankruptcy. See: *Alberta (Attorney General) v. Moloney*, 2015 SCC 51, at para 36.
10. Pursuant to section 54(2)(d) of the *BIA*, a proposal is deemed accepted by a majority in number and two-thirds in value of the unsecured creditors of each class present, personally or by proxy, at the meeting and voting on the resolution.
11. Section 59 of the *BIA* provides as follows:

#### **Court to hear report of trustee, etc.**

**59 (1)** The court shall, before approving the proposal, hear a report of the trustee in the prescribed form respecting the terms thereof and the conduct of the debtor, and, in addition, shall hear the trustee, the debtor, the person making the proposal, any opposing, objecting or dissenting creditor and such further evidence as the court may require.

#### **Court may refuse to approve the proposal**

**(2)** Where the court is of the opinion that the terms of the proposal are not reasonable or are not calculated to benefit the general body of creditors, the court shall refuse to approve the proposal, and the court may refuse to approve the proposal whenever it is established that the debtor has committed any one of the offences mentioned in [sections 198](#) to [200](#).

#### **Reasonable security**

**(3)** Where any of the facts mentioned in [section 173](#) are proved against the debtor, the court shall refuse to approve the proposal unless it provides reasonable security for the payment of not less than fifty cents on the dollar on all the unsecured claims provable against the debtor's estate or such percentage thereof as the court may direct.

#### **Court may order amendment**

**(4)** If a court approves a proposal, it may order that the debtor's constating instrument be amended in accordance with the proposal to reflect any change that may lawfully be made under federal or provincial law.

12. Section 173(1)(a) of the *BIA*, which is the only section 173 fact alleged to be proven in this matter, states:

173 (1) The facts referred to in section 172 are:

(a) the assets of the bankrupt are not of a value equal to fifty cents on the dollar on the amount of the bankrupt's unsecured liabilities, unless the bankrupt satisfies the court that the fact that the assets are not of a value equal to fifty cents on the dollar on the amount of the bankrupt's unsecured liabilities has arisen from circumstances for which the bankrupt cannot justly be held responsible.

13. Justice Morawetz (as he then was) summarized the general principles concerning the approval of proposals in *Kitchener Frame Ltd (Re)*, 2012 ONSC 234, at paras 20-22, as follows:

20 The first two factors are set out in s. 59(2) of the *BIA* while the last factor has been implied by the court as an exercise of its equitable jurisdiction. The courts have generally taken into account the interests of the debtor, the interests of the creditors and the interests of the public at large in the integrity of the bankruptcy system. See *Farrell, Re* (2003), 40 C.B.R. (4th) 53 (Ont. S.C.J. [Commercial List]).

21 The courts have also accorded substantial deference to the majority vote of creditors at a meeting of creditors; see *Lofchik, Re*, [1998] O.J. No. 332 (Ont. Bkcty.). Similarly, the courts have also accorded deference to the recommendation of the proposal trustee. See *Magnus One, supra*.

22 With respect to the first branch of the test for sanctioning a proposal, the debtor must satisfy the court that the proposal is reasonable. The court is authorized to only approve proposals which are reasonable and calculated to benefit the general body of creditors. The court should also consider the payment terms of the proposal and whether the distributions provided for are adequate to meet the requirements of commercial morality and maintaining the integrity of the bankruptcy system. For a discussion on this point, see *Lofchik, supra*, and *Farrell, supra*.

14. The onus is on the debtor to show that the situation arises from circumstances for which he cannot justly be held responsible. See: *Re Wandler (Proposal)*, 2007 ABQB 153, at para 34.

Mr. Lemieux's Circumstances

**Mr. Lemieux's Insolvency and Proposal**

15. According to Mr. Lemieux's evidence, his divorce from his wife and his investment in Sin Bin Brewing Company Ltd. ("Sin Bin"), which was negatively impacted by the COVID-19 pandemic and never recovered, are the main causes of his insolvency.
16. All of Mr. Lemieux's assets were put into Sin Bin. He sold his house to pay Sin Bin. He thus possesses few assets. He makes about \$6,500.00 a month working as an IT consultant, which is his main asset and the sole way to pay his creditors through the proposal.
17. After years of fighting to keep Sin Bin operating as a going concern, Mr. Lemieux became insolvent once the company failed. On June 12, 2025, Bernier and Associates Inc. filed a Division I Proposal on behalf of Mr. Lemieux.
18. At a meeting of creditors on June 27, 2025, the proposal was approved by the necessary majority of Mr. Lemieux's creditors, and none of them voted against it.
19. On September 8, 2025, Associate Justice Perron declined to approve the proposal because the issue of security under section 59(3) of the *BIA* was not addressed, as Mr. Lemieux's assets are less than fifty cents on the dollar of his liabilities under section 173(1)(a) of the *BIA*. There were no other Section 173 facts alleged to have been proven.
20. Mr. Lemieux does not dispute that his assets are not equal to fifty cents on the dollar of the amount of his liabilities, which is made clear by the Statement of Affairs and Claims Register prepared by the Proposal Trustee.
21. The proposal in question meets the test for the approval of proposals under section 59(2):
  - a. The proposal is reasonable: it provides the creditors with a significantly better recovery than a bankruptcy scenario, and considering Mr. Lemieux's financial circumstances, it is objectively reasonable.
  - b. The proposal is to the benefit of the general body of creditors: the creditors have overwhelmingly voted to approve the proposal and stand to benefit from its approval by this court. If the proposal is not approved, Mr. Lemieux will enter bankruptcy, where the Proposal Trustee projects the creditors will obtain a significantly worse recovery. Proposals are clearly preferable to bankruptcies. See: *Re Wandler (Proposal)*, 2007 ABQB 153, at para 11.
  - c. The proposal is being made in good faith: there are no allegations of any improper conduct, deceit, or any other fact that may suggest the proposal is not being made in good faith.
22. The proposal meets all technical requirements of section 59(2) of the *BIA* and has been approved by the majority of creditors.
23. The only question is whether there are section 173 facts proven, namely, under section 173(1)(a).

### **There Are No Section 173 Facts Proven**

24. There is no dispute that Mr. Lemieux's assets are less than fifty cents on the dollar of his liabilities. The question is whether this Court finds that this fact has arisen because of circumstances for which he cannot justly be held responsible.
25. Mr. Lemieux submits that there is no evidence before me that Mr. Lemieux should be held justly responsible for the fact that his assets are less than fifty cents on the dollar of his liabilities, and Mr. Lemieux's evidence is clear that this fact arose because of his business failure, which he did everything he possibly could to avoid.
26. The Trustee's report does not make any section 173 findings. The jurisprudence requires that I provide deference to the findings of the Trustee in a s.170 Report. See: *In the Matter of the Bankruptcy of Vukosav Zivic*, 2022 ONSC 3604 at paragraph 47.
27. Where a debtor takes a reasonable risk in embarking on a new adventure which fails because of economic factors over which he has no control, the debtor has satisfied the onus of proving that the fact that his assets were not of a value equal to 50 cents in the dollar arose from circumstances for which he cannot justly be held responsible. See: *In the Matter of the Bankruptcy of Vukosav Zivic*, 2022 ONSC 3604 at paragraph 179, citing *Re Bayliss and Doerksen* (1982), 40 C.B.R. (N.S.) 16 (Ont. H.C.).
28. In considering whether a debtor's circumstances have arisen from circumstances for which the bankrupt cannot justly be held responsible, it is important to consider the following jurisprudence:
  - a. In *Michael Katz (Re)*, 2013 ONSC 7426, the bankrupt was not held justly responsible where he engaged in an aggressive residential home development strategy.
  - b. In *Re Bankruptcy of Galloway*, 2007 BCSC 162, the bankrupt's failure to repay medical student loans may have been the result of some imprudence on his part, but the court determined that circumstances beyond Dr. Galloway's control led to his financial difficulties. Those circumstances include the change in government policy, the competitive business climate, currency fluctuations, and, of course, his mother's illness.
  - c. In *Tridont Health Care Inc.*, 1991 CarswellOnt 179, the court held that while the business transactions causing the insolvency may have been aggressive, they appeared to be legitimate and were properly considered and reasonably commenced.
  - d. In *Re Gill* 1988 CanLII 3259, the bankrupt had purchased a restaurant business and a second house that resulted in insolvency. The court held that the bankrupt was financially imprudent and incompetent with respect to business matters, but that there was no wilful blindness or recklessness that would support the bankrupt being justly responsible for his assets being less than fifty cents on the dollar.
  - e. In *Re Farrell*, 2003 CanLII 39370, the court approved a proposal where the debtor's (a chartered accountant) assets were not equal to fifty cents on the dollar of his liabilities, where the debtor had fees paid to settle matrimonial proceedings,

had to sell his home, and made efforts to pay his liabilities but was unable to do so. The court did not hold him justly responsible under section 173(1)(a) and specifically found that in making a reasonable proposal, the debtor need not put himself in a position where he has virtually deprived himself of the basic ability to earn his livelihood.

- f. In *Milan in Bankruptcy*, 2012 ONSC 2899, the court refused to approve a proposal where the bankrupt's assets were not equal to fifty cents on the dollar, but had omitted to provide proper books, records, and accounts to the trustee, had continued to incur liabilities while insolvent, and failed to account for his loss of assets, which led the court to conclude a proper review of the bankrupt's affairs and assets had not taken place.
  - g. In *Re Wandler (Proposal)*, 2007 ABQB 153, the court refused to approve a proposal where the debtor's assets were not equal to fifty cents on the dollar, and he offered no evidence to support his application and chose not to appear.
  - h. The case law also shows courts refused to ratify proposals or refuse discharges usually involve numerous section 173 facts being proven. See: *Re Angiulli*, 2024 ONSC 6244, *Alan Aaskin*, 2025 ONSC 2501, *In the Matter of the Bankruptcy of Selvamurugan Gunaratnam*, 2024 ONSC 1693, and *In the Matter of the Proposal of Ruth Del Rocio Pacheco*, 2024 ONSC 1690.
29. The case law generally holds that for the debtor (or bankrupt) to be held justly responsible, there must be some element of culpability or blameworthiness, some recklessness or blind disregard by the bankrupt for his own financial well-being. Financial imprudence or incompetence usually does not rise to that level. See: *Michael Katz (Re)*, 2013 ONSC 7426, at para 44; *In the Matter of the Bankruptcy of Vukosav Zivic*, 2022 ONSC 3604, at para 179.
30. Based on my review of the case law, courts consider the following situations for the debtor (or bankrupt) to not be held justly responsible:
- a. Economic market uncertainties, including sudden business downturns or recessions, the collapse of an industry or major client, and unexpected market crashes affecting investments or property values.
  - b. Business failure despite reasonable conduct, including a legitimate business venture that failed even though it was run prudently, losses due to supplier failure, customer insolvency, or unexpected costs.
  - c. Serious illness or disability preventing the debtor from working, including mental health crises.
31. I agree with Mr. Lemieux that there is no evidence before this court that Mr. Lemieux has engaged in the type of conduct that would mean he should be held justly responsible for the fact that his assets are less than fifty cents on the dollar of his liabilities. The fact that his assets are less than fifty cents on the dollar of his liabilities because of his business failure, for which there is no evidence that he was reckless or wilfully blind.

32. The Canadian economy depends on people like Mr. Lemieux starting businesses to benefit both himself and the country as a whole. These business endeavors are always risky and do not always succeed. There are a variety of reasons why a business might fail beyond culpable neglect. For instance, as in this case, a business may be faced with a once-in-a-lifetime pandemic and the economic uncertainty and volatility that follows.
33. In my view, that does not lead to a section 173(a) finding.
34. This approach is consistent with the fundamental purpose of the *BIA* to provide reasonable protection to any honest but unfortunate debtor in these circumstances.
35. One of the primary purposes of the *BIA* is to provide financial rehabilitation for debtors. Provided they comply with their obligations, a debtor is entitled to a “fresh start” where they are “freed from the burdens of pre-existing indebtedness”. This is for the well-being of the debtor and their family so they can reintegrate into economic life. See: *Alberta (Attorney General) v. Moloney*, 2015 SCC 51 at para 36.

### **Conclusion**

36. The evidence before me establishes the following:
  - a. The proposal complies with the technical requirements of the *BIA*, namely, s. 59(2);
  - b. The proposal is supported by all the creditors who voted at the meeting of the creditors, and none of the creditors oppose the proposal;
  - c. The proposal provides the creditors with a better recovery than in a bankruptcy;
  - d. The Proposal Trustee supports the proposal and has not made any section 173 fact findings in its report;
  - e. The debtor has assets of under fifty cents on the dollar of his liabilities, and there is evidence to support a finding that he should not be held justly responsible;
  - f. The debtor has complied with all requests made of him, and there are no allegations of failing to produce evidence or documents or of dishonesty, culpable neglect, or any other factors that are usually found where a proposal or discharge are refused; and
  - g. The proposal is reasonable and made in good faith.
37. The proposal is hereby approved.

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Associate Justice Kamal

**DATE:** March 10, 2026