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C A N A D A

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

N°: 500-11-063165-233

**IN THE MATTER OF THE COMPANIES'  
CREDITORS ARRANGEMENT ACT, R.S.C.  
1985, C. C-36, AS AMENDED**

**SUPERIOR COURT**  
(Commercial Division)

**15695651 Canada Inc.**, a company incorporated under the *Canada Business Corporations Act*, having its head office at 101-501 Laurier Blvd. Sainte-Marie-Madeleine, Province of Quebec, J0H 1S0

- and-

**15695724 Canada Inc.**, a company incorporated under the *Canada Business Corporations Act*, having its head office at 101-501 Laurier Blvd., Sainte-Marie-Madeleine, Province of Québec, J0H 1S0

*Debtors*

- and-

**KPMG INC.**, a company incorporated under the laws of Canada, having a place of business at 600 de Maisonneuve Blvd. West, in the city of Montréal, Province of Québec, H3A 0A3

*Monitor*

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## **FOURTH REPORT OF THE MONITOR**

*(Companies' Creditors Arrangement Act, R.S.C. 1985, C. C-36, As Amended)*

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June 7, 2024



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## APPENDIX

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## A. INTRODUCTION

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1. 13517985 Canada Inc., d/b/a Wholesale Express Inc. (“**Wholesale Express**”), is a private company with its head office in Sainte-Marie-Madeleine, Québec that operates an online trading platform for pre-owned cars. In short, the Company acts as an intermediary for the exchange of vehicles between sellers and buyers in order to facilitate and simplify transactions.
2. On November 20, 2023, Wholesale Express’ first-secured ranking creditor, Highcrest Lending Corporation (“**HLC**” or the “**Secured Creditor**”) filed an application (the “**Application**”) before the Superior Court of Québec (the “**Court**”) pursuant to the CCAA, seeking, at the time of the first day hearing, the issuance of an Initial Order.
3. On December 20, 2023, the Court issued an Initial Order providing for, *inter alia*, the appointment of KPMG Inc. as monitor (the “**Monitor**”) in respect of Wholesale Express as part of the CCAA proceedings.
4. On December 28, 2023, the Court issued an Amended and Restated Initial Order extending the Stay Period until February 28, 2023.
5. On January 12, 2024, the Court approved the sale of all of the shares of Wholesale Express pursuant to an Approval and Reverse Vesting Order (the “**RVO**”).
6. On January 23, 2024, the Monitor issued its certificate confirming the closing of the sale transaction pursuant to the RVO (the “**Transaction**”). In accordance with the terms of the RVO, following the closing of the Transaction: (i) Wholesale Express is no longer subject to the CCAA proceedings, and (ii) as more fully outlined in the RVO, the assets and liabilities of Wholesale Express not otherwise assumed as part of the transaction have been transferred to 1569724 Canada Inc. (“**ResidualCo 1**”) and 15695651 Canada Inc. (“**ResidualCo 2**”) (collectively, the “**Debtors**”), which have replaced Wholesale Express as debtors in these CCAA proceedings.
7. As a result of the transactions more fully described in the RVO,
  - a) the balance of the cash purchase price, net of the distributions authorized in the RVO, is currently held by the Monitor for and behalf of ResidualCo 2. As at the date of this report (the “**Report**”), said balance is \$2,386,168;
  - b) any eventual recoveries and other funds that may become available for distribution to creditors will be held by the Monitor for and behalf of ResidualCo 2; and
  - c) All of Wholesale Express’ liabilities were transferred to ResidualCo 2.
8. On February 23, 2024, the Court issued a Claims Process Order in order to allow, in a fair and efficient way, the definitive determination of the validity and quantum of all claims against ResidualCo 2, and allow the certainty necessary for ResidualCo 2 to either propose an arrangement, or distribute the balance of cash proceeds to its creditors (the “**Claims Process**”). The Claims Process Order provided, *inter alia*, for a Claims Bar Date of March 25, 2024 at 5:00 p.m. (Montreal time) (the “**Claims Bar Date**”).



9. The Monitor received ten (10) proofs of claim prior to the Claims Bar Date and one (1) proof of claim from Revenu Québec subsequent to the Claims Bar Date (the “**Revenu Québec Claim**”). An Order was subsequently rendered by this Court, declaring that the Monitor may treat the Revenu Québec Claim as having been properly filed as part of the Claims Process.
10. The purpose of this Report is to:
  - a) Provide this Court an update regarding the Claims Process (**Section B**);
  - b) Provide this Court an update regarding post-closing adjustments contemplated in the Transaction (**Section C**);
  - c) Provide this Court an update regarding the Debtors’ rights to a potential claim (**Section D**);
  - d) Provide this Court an update regarding professional fees and funds being held by the Monitor (**Section E**);
  - e) Request an extension of Stay of Proceedings (**Section F**);
  - f) Conclusions (**Section G**).

## **B. UPDATE REGARDING THE CLAIM PROCESS**

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11. The Monitor received eleven (11) proof of claim, including the Revenu Québec Claim. Following the Monitor’s review, on May 30, 2024, the Monitor sent three (3) notices of allowance, five (5) notices of disallowance and three (3) notices revising the amount of the claims and/or the nature of the allowed claims from secured to unsecured (collectively, the “**Notices**”) (refer to **Appendix A**).
12. As detailed in Appendix A, the Monitor admitted claims from six (6) creditors for a total of \$9,614,180.91.
13. As of the date of this Report, although the Monitor has been communicating with certain creditors regarding the Notices, the Monitor has not received any formal appeals from the Notices. The deadline for filing the appeals is June 14, 2024.
14. The Monitor notes that it disallowed the secured claims of creditors who had asserted “secured claims” on the basis that they held security over the shares of Wholesale Express held by TradeX Group of Companies Inc. (“**TradeX**”) prior to the Transaction. However, it should be specified that the Monitor did not, at this stage, opine on the validity of those creditors’ security over TradeX’s shares in the Former Debtor, including the Existing Shares (as such term was defined in the RVO), as they existed prior to the Pre-Closing Reorganization Steps (as such term was defined in the RVO).

## **C. POST-CLOSING ADJUSTMENTS RELATING TO THE TRANSACTION**

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15. As detailed in the Monitor’s Second report, the Transaction contemplated a post-closing adjustment relating to working capital.
16. The purchaser/investor was to provide the Monitor with a calculation of the working capital adjustment within 60 days following the closing of the Transaction.



17. The Monitor agreed to an extension of that deadline and the working capital adjustment calculation was provided to the Monitor on April 29, 2024.
18. The Monitor's 30-day delay to review the working capital adjustment calculation and to file a dispute notice (should it so choose) has been extended to June 17, 2024, following exchanges with the purchaser/investor and requests for clarification.
19. While the Monitor's review remains ongoing, it appears unlikely that cash will be returned to the Monitor in connection with the working capital adjustment.

#### **D. THE DEBTORS' RIGHTS TO A POTENTIAL CLAIM**

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20. As detailed in the Second Report of the Monitor, ResidualCo 2 holds Wholesale Express' interest, in a claim to be asserted against Groupe Gregor Inc., which may be a potential source of recovery for creditors of ResidualCo 2 (the "**Groupe Gregor Claim**").
21. The Monitor has reviewed the available documentation related to the litigation with Groupe Gregor Inc., and served an *Application for (i) Advice and Directions and (ii) To Void a Transfer at Undervalue* (the "**Groupe Gregor Application**"). As further appears from the Groupe Gregor Application, the Monitor seeks to annul an Assignment of Credit made as of October 24, 2023, between Wholesale Express and TradeX.
22. The hearing of the Groupe Gregor Application was initially scheduled to be held on June 13, 2024. However, the Monitor was advised by FTI Consulting Inc., as receiver to TradeX, that it required more time in order to take a position on the Groupe Gregor Application.
23. As such, the hearing of the Groupe Gregor Application was postponed to July 16, 2024.

#### **E. PROFESSIONAL FEES AND FUNDS HELD BY THE MONITOR**

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24. The Monitor did not prepare a cash flow statement as the Monitor does not anticipate any significant receipts or disbursements during the extension of Stay of Period sought, save for the payment of professional fees.
25. The professional fees of the Monitor and its counsel are and continue to be secured by an Administrative Charge.
26. The Monitor's professional fees for services rendered from January 20, 2024 to May 31, 2024 amount to \$199,778.01, excluding applicable sales tax, which includes the fees incurred as part of the closing of the Transaction.
27. The Monitor's counsel's professional fees for services rendered from January 5 to May 30, 2024, amount to \$144,590.57, excluding applicable sales tax, which includes the fees incurred as part of the closing of the Transaction.



28. The Monitor seeks an order allowing it to pay professional fees incurred up to May 31, 2024, directly from its in-trust account, which currently holds \$2,386,168. Once those fees paid, the Monitor would continue to hold proceeds in the amount of \$1,993,143.

## **F. REQUEST FOR AN EXTENSION OF STAY**

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29. The current stay of proceedings ("**Stay of Proceedings**") is scheduled to expire June 13, 2024. The Monitor is seeking an extension of the stay period to September 20, 2024 (the "**Stay Period**"). This extension will allow the Monitor to:

- a) Finalize the post-closing working capital adjustment;
- b) Present the Groupe Gregor Application; and
- c) Depending on the outcome of the Groupe Gregor Application, consider the most appropriate means by which to proceed with distributions to creditors, including the possibility of filing a plan of arrangement in ResidualCo 2.

## **G. CONCLUSIONS**

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30. The Monitor is of the view that the proposed extension of Stay Period is appropriate and necessary under the circumstances.

31. 15695651 Canada Inc. and 1569724 Canada Inc. have acted and continue acting in good faith and with due diligence.

32. The Monitor is of the view that no parties will suffer any material prejudice from the extension of the Stay Period.

33. The Monitor recommends that this Court Extend the Stay Period to September 20, 2024.

All of which is respectfully submitted this 7<sup>th</sup> day of June 2024.

**KPMG Inc.**

**Licensed Insolvency Trustee**

In its capacity as Monitor of 15695651 Canada Inc. and 1569724 Canada Inc.

And not in its personal capacity

Per:

David Malin, CPA, CIRP, LIT  
Senior Vice President



## APPENDIX A

<b>15695651 Canada Inc. (ResidualCo 2)</b>				
<b>Creditor Listing as Filed</b>				
<b>in CAD\$</b>				
<b>Creditor name</b>	<b>As per proof of claim</b>		<b>As admitted by Monitor</b>	
	<b>Amount filed</b>	<b>Secured / Unsecured</b>	<b>Amount admitted</b>	<b>Secured / Unsecured</b>
1 2053719 Ontario Inc.[Alex Gallacher]	\$ 150,000.00	U	\$ 150,000.00	U
2 AIMIA Inc	\$ 2,867,261.88	U	\$ 2,873,944.97	U
3 AIMIA Inc	\$ 40,417,424.53	S	\$ -	-
4 Dentons	\$ 952,510.61	S	\$ 952,510.61	U
5 Groupe Gregor Inc.	\$ 2,818,599.30	U	\$ -	-
6 Gucciardi Holdings Inc.	\$ 1,570,250.61	N/A	\$ 1,535,972.25	U
7 James McManes Holdings Ltd., Alberta	\$ 1,330,000.00	S	\$ 1,333,100.00	U
8 John Grassl	\$ 2,000,000.00	S	\$ -	-
9 Trade X Group of Companies	\$ 11,927,220.06	U	\$ -	-
10 Van Essen Pur. Cos.				
1309767 Ontario Ltd	\$ 1,462,443.74	U	\$ -	-
2601658 Ontario Ltd	\$ 450,144.54	U	\$ -	-
11 Revenu Québec	\$ 2,768,653.08	U	\$ 2,768,653.08	U
	<b>\$ 68,714,508.35</b>		<b>\$ 9,614,180.91</b>	