



KPMG Inc.
600 de Maisonneuve Blvd. West
Suite 1500, KPMG Tower
Montréal Québec H3A 0A3

Telephone 514-840-2100
Fax 514-840-2443
Internet www.kpmg.ca

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

SIXTH REPORT OF THE MONITOR

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

September 11, 2024



CONTENTS

A.	Introduction	3
B.	The Debtors' Rights to a Potential Claim	4
C.	Claims Process and Related Matters	5
D.	Professional Fees and Funds Held by the Monitor	5
E.	Request For a Stay Extension	6
F.	Conclusions	6



A. INTRODUCTION

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 \$2,017,745;
 - 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 (the “**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**”).



9. As detailed in the Second Report of the Monitor, ResidualCo 2 holds Wholesale Express' interest in a claim asserted against Groupe Gregor Inc. ("**Groupe Gregor**"), which is anticipated to be a potential source of recovery for creditors of ResidualCo 2 (the "**Groupe Gregor Claim**").
10. The purpose of this Report is to:
 - a) provide this Court an update regarding the Debtors' rights to a potential claim (**Section B**);
 - b) provide this Court an update on the claims process and related matters (**Section C**);
 - c) provide this Court an update regarding professional fees and funds being held by the Monitor (**Section D**);
 - d) request an extension of the Stay of Proceedings, which currently expires on September 20, 2024 (**Section E**);
 - e) provide this Court with the Monitor's conclusions (**Section F**).

B. THE DEBTORS' RIGHTS TO A POTENTIAL CLAIM

11. The Monitor reviewed the available documentation related to the litigation with Groupe Gregor, and served an *Application for (i) Advice and Directions and (ii) To Void a Transfer at Undervalue* (the "**Groupe Gregor Application**") in February 2024. As further appears from the Groupe Gregor Application, the Monitor sought to annul an Assignment of Credit made as of October 24, 2023 (the "**Assignment**"), between Wholesale Express and its parent company, Trade X Group of Companies Inc. ("**Trade X Parent**").
12. On July 10, 2024, FTI Consulting Inc. ("**FTI**"), in its capacity as Receiver¹ and manager of the property of, *inter alia*, Trade X Parent², served a contestation to the Groupe Gregor Application. In that contestation, FTI alleged that Wholesale Express was indebted toward Trade X Parent when the Assignment was made.
13. The Groupe Gregor Application was heard, in part, by this honourable Court on July 16, 2024. The hearing is scheduled to conclude on December 10, 2024.
14. In the meantime, at the request of the Court, the Monitor filed an amendment to the Groupe Gregor Application on September 3, 2024, along with an amended version of its Fifth Report in support of the Groupe Gregor Application.
15. The Monitor's counsel has reached out to FTI's counsel in order to discuss case management leading up to the December 10th hearing and case management discussions are underway.

¹Court-Appointed Receiver pursuant to Section 243 of the *Bankruptcy and Insolvency Act* of Canada.

² FTI was also appointed Court-Appointed Receiver over the property of TX Ops Canada Corporation, 12771888 Canada Inc., TVAS Inc., Tradexpress Auto Canada Inc., Trade X Fund GP Inc., Trade X LP Fund I, Trade X Continental Inc., TX Capital Corp., Techlantic Ltd.



C. CLAIMS PROCESS AND RELATED MATTERS

16. Capitalized terms in this **Section C** not otherwise defined in this Report shall have the meanings ascribed to them in the Claims Process Order.

17. As of the date of this Report, the Monitor has accepted six (6) claims totalling \$9,614,181.

John Grassl Claim

18. The secured claim filed by bridge lender, John Grassl, was initially disallowed in part due to confusion over the documents filed in support of the claim. Following exchanges with Mr. Grassl and his representatives, it is anticipated that the Monitor will allow Mr. Grassl's claim as unsecured, thereby bringing the total of allowed claims to approximately \$12 million.

Post Road Group Claim

19. On July 15, 2024, the Monitor received a new claim filed by Post Road Group ("**PRG**" and the "**PRG Claim**"). PRG claims an amount of US\$4,000,000, plus an additional CAN\$2,150,000. The PRG Claim also sets out PRG's position regarding any eventual distribution to creditors.

20. The PRG Claim was filed after the Claims Bar Date of March 25, 2024 and the Monitor has been informed that PRG will be filing an application for leave to file the PRG Claim.

Dentons Canada LLP Claim

21. Dentons Canada LLP ("**Dentons**") filed a secured claim in connection with outstanding professional fees in the amount of \$952,511.

22. On May 30, 2024, the Monitor delivered a notice revising said claim and allowing it as unsecured.

23. On June 17, 2024, Dentons filed an Application to Appeal a Notice of Revision or Disallowance of Claims (the "**Dentons Appeal**").

24. The Monitor intends to contest the Dentons Appeal and may soon request that a hearing be scheduled.

D. PROFESSIONAL FEES AND FUNDS HELD BY THE MONITOR

25. 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.

26. The professional fees of the Monitor and its counsel are and continue to be secured by an Administrative Charge.

27. The Monitor's professional fees for services rendered from June 1, 2024 to August 31, 2024 amount to \$75,103, excluding applicable sales tax.



28. The Monitor's counsel's professional fees for services rendered from June 1, 2024 to August 31, 2024, amount to \$114,483, excluding applicable sales tax.
29. The Monitor seeks an order allowing it to pay professional fees incurred up to August 31, 2024, directly from its in-trust account, which currently holds \$2,017,745. Once those fees paid, the Monitor would continue to hold proceeds in the amount of \$1,799,854.

E. REQUEST FOR A STAY EXTENSION

30. The current stay of proceedings ("**Stay of Proceedings**") is scheduled to expire September 20, 2024. The Monitor is seeking an extension of the stay period to January 31, 2025 (the "**Stay Period**"). This extension will allow the Monitor to:
 - a) continue with the presentation of the Groupe Gregor Application on December 10, 2024, and possibly obtain the Court's decision thereon;
 - b) depending on the outcome of the above, 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.

F. CONCLUSIONS

31. The Monitor is of the view that the proposed extension of Stay Period is appropriate and necessary under the circumstances.
32. 15695651 Canada Inc. and 1569724 Canada Inc. have acted and continue acting in good faith and with due diligence.
33. The Monitor is of the view that no parties will suffer any material prejudice from the extension of the Stay Period.
34. The Monitor recommends that this Court Extend the Stay Period to January 31 ,2025.

All of which is respectfully submitted this 11th day of September 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