

# SWANICK & ASSOCIATES

Lawyers Practicing in Association

Brent W. Swanick, B. Comm., LL.B., LL.M.  
Bruce A. Simpson, B.Sc., LL.B.  
Jae-Yon Jung B.A.(Hons) LL.B.  
Michael C. Ly B.Es, JD  
Derek A.J. D'Oliveira, M.A., LL.B. (1952-2005)  
John I. Zeiler, B.A. LL.B. (1943-2011)

225 Duncan Mill Road  
Suite 101  
Toronto, ON M3B 3K9

Telephone (416) 510-1888  
Telecopier (416) 510-1945  
Bruce A. Simpson's Extension 229  
Email: [Bruce@bruceasimpson.com](mailto:Bruce@bruceasimpson.com)  
Law Clerk's Extension 233  
Email: [laura@bruceasimpson.com](mailto:laura@bruceasimpson.com)

No. of Pages Faxed 14

October 31, 2018

**Via Fax 416-596-7894**

**MNP Ltd.**  
111 Richmond Street West  
Suite 300  
Toronto, ON M5H 2G4  
ATTN: SHELDON TITLE


Dear Sirs:

**Re: 1787930 Ontario Inc. – Transit Petroleum a division of Hogg Fuel and Supply Ltd.**

Please find enclosed a Second Supplementary Motion Record which is being served upon you.

Yours very truly,

**SWANICK & ASSOCIATES**

Per:   
Bruce A. Simpson

BAS:lc

W:\SIMPSON\GENERAL\DATA\BAS\MESSENGER - HOGG\MOTION\MNP LETTER.DOC

Court File Numbers: 35-2395487 and 35-2395481  
Estate File Numbers: 35-2395487 and 35-2395481

ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF  
1732427 ONTARIO INC. AND 1787930 ONTARIO INC. BOTH OF THE CITY OF ST.  
THOMAS, IN THE PROVINCE OF ONTARIO

**SECOND SUPPLEMENTARY MOTION RECORD**

(Returnable December 19, 2018)

**SWANICK & ASSOCIATES**

Barristers and Solicitors

Suite 101

225 Duncan Mill Road

Don Mills, Ontario

M3B 3K9

ATTN: BRUCE SIMPSON 18977E

(416) 510-1888 - phone

(416) 510-1945 - fax

Lawyers for 1787930 Ontario Inc.

TO: **MILLER, THOMSON**

One London Place

255 Queens Avenue

Suite 2010

London, ON N6A 5R8

Attn: SHERRY KETTLE

(519) 931-3500 – phone

(519) 858-8511 – fax

Lawyers for Transit Petroleum a division of Hogg Fuel and Supply Ltd.

TO: **The Superintendent of Bankruptcy**

451 Talbot Street

Suite 303

London, ON N6A 5C9

TO: **MNP Ltd.**

111 Richmond Street West

Suite 300

Toronto, ON M5H 2G4

ATTN: SHELDON TITLE

416-323-5240 – phone

416-573-5320 – Cell Phone

Trustee of 1787930 Ontario Inc.

Court File Numbers: 35-2395487 and 35-2395481  
Estate File Numbers: 35-2395487 and 35-2395481

ONTARIO  
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THOMAS, IN THE PROVINCE OF ONTARIO

**TABLE OF CONTENTS**

	<b><u>TAB NO.</u></b>
Second Supplementary Affidavit of Nathan McDaniel	I
Exhibit "A" - true copy of the email from Sheldon Title to Bruce Simpson dated June 28	A
Exhibit "B" - true copy of the email of July 4	B

Court File Numbers: 35-2395487 and 35-2395481  
Estate File Numbers: 35-2395487 and 35-2395481

ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY

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THOMAS, IN THE PROVINCE OF ONTARIO

**SECOND SUPPLEMENTARY AFFIDAVIT**

(sworn October 31, 2018)

I, Nathan McDaniel of the Town of Aylmer, in the Province of Ontario, **MAKE OATH  
AND SAY AS FOLLOWS:**

1. I am the Financial Controller for 1787930 Ontario Inc. ("178") and as such have personal knowledge of the matters hereinafter deposed to. Where my knowledge is stated to be on information and belief or documents provided, I verily believe such information to be true. All dates referenced herein are for the calendar year 2018 unless otherwise stated.
2. I have reviewed the affidavits of Monique Paul ("Monique's Affidavit"), and of Tina Thorne ("Tina's Affidavit") both sworn October 23, which were served in a "Sur-Reply Motion Record of Transit Petroleum Inc." ("Transit/Hogg") on October 23, after the final agreed date for filing materials as set out in the court ordered timetable.
3. Tina's Affidavit is her first production in this proceeding.
4. In response to Paragraphs 3 and 4 of Tina's Affidavit and Paragraphs 4, 5 and 6 of Monique's Affidavit the following comments are necessary to provide a complete and accurate explanation of what in fact took place.
5. Monique's email of June 22, included at page 105 of her October 4<sup>th</sup> affidavit in the Responding Motion Record (all page references are to this production unless otherwise stated) acknowledges that 178's account was frozen as confirmed at page 104 in my email of June 25.

At all materials times when we were discussing the payment of arrears to Transit/Hogg and the continuing supply of fuel, they were aware of 178's other financial pressures.

6. Monique's email of June 26, at 11:55 included at page 111 references the phone call of 11:33 AM which is relied upon in both Monique's Affidavit (paragraph 5) and Tina's Affidavit, (paragraph 4) in support of the proposition that I agreed to "Net 7 payment terms". I did not.

7. Monique's email at 11:55 AM references proposed payment amounts and dates, but makes no reference to the Net 7 payment terms which they now allege were agreed to during that call.

8. Monique raised the issue of changing the terms from Net 14 to Net 7 in her 8:55 AM email of June 28 at page 109, and stated that "We [Transit/Hogg] need the above approved no later than 3 pm on Friday June 29, 2018". I did not approve the change of terms.

9. As a result of 178's account being frozen, BNS served a Notice to Enforce Security. By email at 12:57 PM on June 28, Sheldon Title the Licensed Insolvency Trustee at MNP Ltd. and 178's Proposal Trustee advised 178 that counsel for BNS was "pushing us to file a NOI". Annexed hereto and marked as **Exhibit "A"** to this my affidavit is a true copy of the email from Sheldon Title to Bruce Simpson dated June 28.


10. As of June 29 it was concluded that 178 was unable to negotiate a resolution with CRA to forbear from enforcing their Requirement To Pay ("RTP") which had resulted in the frozen account with BNS, thus compromising 178's ability to carry on normal business financial transactions. As a result, on June 29 it was resolved that 178 would file a NOI.

11. By internal email at 178 at 2:37 PM on July 4, I confirmed that I had requested Transit/Hogg's fuel manager Trevor Chambers to put a stay on the PAP scheduled for Thursday July 5. Annexed hereto and marked as **Exhibit "B"** to this my affidavit is a true copy of the email of July 4.

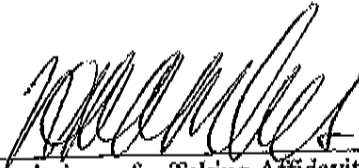
12. I make this affidavit in reply to Monique's Affidavit and Tina's Affidavit which were served in the "Sur-Reply Motion Record of Transit Petroleum Inc.", and for no improper purpose.

SWORN before me in the City of  
St. Thomas in the Province of Ontario,  
this 31<sup>st</sup> day of October, 2018.

)  
)  
)  
)



Nathan McDaniel



Commissioner for Taking Affidavits

MARK THOMAS COOMBES

**Bruce Simpson**

**From:** Sheldon Title <Sheldon.Title@mnp.ca>  
**Sent:** Thursday, June 28, 2018, 12:57 PM  
**To:** Bruce Simpson  
**Cc:** Louise Vonk; Brent Swanick; nathan@messengerfreight.ca  
**Subject:** Re: cra

Thanks Bruce,

I spoke with Tim again this morning. He is pushing for us to file a NOI. He wants something in writing to say what is happening before consideration is given to forbearing, but when I called him he was in the midst of preparing receivership materials.

Brent, I told him that we're now engaged in discussions with 5 parties and that we'll need 3-4 months to complete a refinancing/restructuring. He asked for Brent to submit something "substantial", but as noted above, I believe the BNS would prefer we head forward with a NOI.

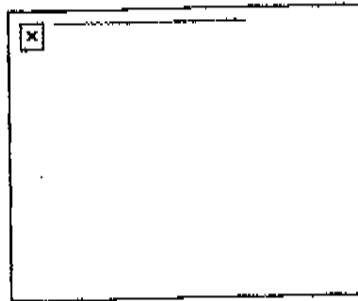
Please advise how you wish to proceed.

Louise, Nathan needs to complete the spreadsheets I sent so that we are ready to file.

Regards,  
Sheldon

**Sheldon Title, CPA, CA, CIRP, LIT  
SENIOR VICE-PRESIDENT**

**DIRECT 416.263.6945**  
**FAX 416.323.5240**  
**CELL 416.573.5320**  
**111 Richmond Street West**  
**Suite 300**  
**Toronto, ON**  
**MSH 2G4**  
**sheldon.title@mnp.ca**  
**mnpdebt.ca**



This is exhibit A referred to in the  
 affidavit of Nathan McDaniel  
 sworn before me, this 31st  
 day of October 20 18  
 \_\_\_\_\_  
 A Commissioner, etc.  
 MARK THOMAS COOMBS

**Bruce Simpson**

**From:** Nathan McDaniel <nathan@messengerfreight.ca>  
**Sent:** Wednesday, October 31, 2018 9:29 AM  
**To:** Bruce Simpson  
**Subject:** FW: MESSENGER FREIGHT SYSTEMS

**Importance:** High

is exhibit B referred to in the  
 affidavit of Nathan McDaniel  
 sworn before me, this 31st  
 day of October 2018  
Mark Thomas  
 A Commissioner, etc.  
 MARK THOMAS COOMBS

**From:** Nathan McDaniel [mailto:nathan@messengerfreight.ca]  
**Sent:** July 4, 2018 2:37 PM  
**To:** 'louise@messengerfreight.ca' <louise@messengerfreight.ca>; 'Evan Wilson' <evan@messengerfreight.ca>;  
 'blaine@messengerfreight.ca' <blaine@messengerfreight.ca>  
**Subject:** FW: MESSENGER FREIGHT SYSTEMS  
**Importance:** High

All,

I spoke to Trevor Chambers (Fuel Manager) regarding meeting tomorrow. I asked him to put a stay on the PAP scheduled for end of the week. He said he is nervous about our account. I advised that we would like to meet in person to solidify the arrangement.

We should discuss strategy prior to meeting, but I think the broad strokes should be that after much thought the painful decision to file the NOI was made on July 2. We are working with our Trustee to put MFS in a profitable position going forward. Per the law and per our Trustee, we are bound to only pay for goods and services received on/after July 2<sup>nd</sup>. ALL invoices will be paid before delivery (CBD estimate). It is worth mentioning that the NOI process is not the same as bankruptcy or receivership. As part of the NOI process, MFS is being given an opportunity to restructure the business with the objective of returning to profitability. He will follow up with me by end of day with a time for tomorrow.

Cheers,

Nathan

**From:** Nathan McDaniel [mailto:nathan@messengerfreight.ca]  
**Sent:** June 29, 2018 4:05 PM  
**To:** 'Monique Paul' <mpaul@hoggfuel.com>  
**Subject:** RE: MESSENGER FREIGHT SYSTEMS  
**Importance:** High

Hi Monique,

My apologies for the delay; I was pulled a several directions today as well as yesterday. Would you please call me on Tuesday when you are back in the office? I just have a few questions regarding the terms...I want to make sure I am on the same page with you.

Cheers,



Nathan

**From:** Monique Paul [mailto:mpaul@hoggfuel.com]  
**Sent:** June 29, 2018 3:39 PM  
**To:** Nathan McDaniel <nathan@messengerfreight.ca>  
**Subject:** RE: MESSENGER FREIGHT SYSTEMS  
**Importance:** High

Nathan,

It is almost 4pm and we have not heard back from you regarding the information below. Can you please advise?

Thanks,

**Monique Paul**  
**Credit Analyst**  
**Hogg Fuel and Supply Ltd.**  
**Transit Petroleum Inc.**  
**519-579-5330 Ext 1161**  
**mpaul@hoggfuel.com**



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**From:** Monique Paul  
**Sent:** Thursday, June 28, 2018 8:55 AM  
**To:** 'Nathan McDaniel'  
**Subject:** RE: MESSENGER FREIGHT SYSTEMS  
**Importance:** High

Good Morning Nathan,

I have discussed at length your proposal with Tina Thorne the Credit manager and Trevor Chambers the Fuel Manager and we have all agreed we will accept this proposal, with below stipulations.

July 5	\$83,734.05	(50% of the arrears amount)
July 12	regular amount plus \$27,911.35	(16.67% of the arrears amount)
July 19	regular amount plus \$27,911.35	(16.67% of the arrears amount)
July 26	regular amount plus \$27,911.35	(16.67% of the arrears amount)

Currently terms are Net 14 with Monday PAD making your invoices 15 days old, if we agree to move your PAD to Thursday we will need to change your terms to Net 7 making your invoices 11 days old, we cannot keep your terms at Net 14 and pull on Thursday as that makes the invoices 19 days old.

We have continuously gone above and beyond to work with Messenger on their financial issues, but going forward we need to be reassured that we will no longer have any problems going forward which is why we are agreeing to the Thursday PAD.

We have already had to pay the fuel purchased and used by Messenger, as our terms are Net 7 with our supplier.

We need to be clear that this will be the last time we can split payments due to the inability to pay your fuel purchases on the agreed upon pull date.

We need the above approved no later than 3pm on Friday June 29, 2018, in order to pull the first payment on Thursday July 5<sup>th</sup>, 2018.

Thanks,

**Monique Paul**  
**Credit Analyst**  
**Hogg Fuel and Supply Ltd.**  
**Transit Petroleum Inc.**  
**519-579-5330 Ext 1161**  
**[mpaul@hoggfuel.com](mailto:mpaul@hoggfuel.com)**




---

**From:** Nathan McDaniel [<mailto:nathan@messengerfreight.ca>]  
**Sent:** Wednesday, June 27, 2018 5:40 PM  
**To:** Monique Paul  
**Subject:** RE: MESSENGER FREIGHT SYSTEMS

Good afternoon Monique,

Much thanks for the patience and support that both you and Tina have demonstrated; It means a lot to me. Attached is a scan of a voided cheque from our new checking account; please use this banking information for future billings. With regards to the below-mentioned proposal, I would ask that we adjust is slightly to be more in line with our original conversation. Would you please let me know if my proposal is acceptable?

July 5	\$83,734.05	(50% of the arrears amount)
July 12	regular amount plus \$27,911.35	(16.67% of the arrears amount)
July 19	regular amount plus \$27,911.35	(16.67% of the arrears amount)
July 26	regular amount plus \$27,911.35	(16.67% of the arrears amount)

With this payment plan, we would effectively have the arrears amount paid up by EOM July.

Cheers,

Nathan

**Nathan McDaniel**  
**Financial Controller**  
**Messenger Freight System**  
**150 Dennis Road**

P.O. Box 100  
 St. Thomas, ON N5P 0B6  
 Bus: 519-631-9604 x107  
 Fax: 519-631-1135  
<http://www.messengerfreight.ca>



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**From:** Monique Paul [<mailto:mpaul@hoggfuel.com>]  
**Sent:** June 26, 2018 11:55 AM  
**To:** Nathan McDaniel <[nathan@messengerfreight.ca](mailto:nathan@messengerfreight.ca)>  
**Subject:** RE: MESSENGER FREIGHT SYSTEMS

Good Afternoon Nathan,

Thank you for speaking with Tina and myself!

We are willing to change the PAD to Thursdays from Mondays with the below proposal on getting the account current.

Thursday July 5, 2018 \$111,645.40  
 Thursday July 12, 2018 \$55,093.51 + \$27,911.35= \$83,004.86  
 Thursday July 19, 2018 regular amount owing + \$27,911.35 (total unknown at this time)  
 This will then bring your account current.

Thanks,

*Monique Paul*  
 Credit Analyst  
 Hogg Fuel and Supply Ltd.  
 Transit Petroleum Inc.  
 519-579-5330 Ext 1161  
[mpaul@hoggfuel.com](mailto:mpaul@hoggfuel.com)



---

**From:** Nathan McDaniel [<mailto:nathan@messengerfreight.ca>]  
**Sent:** Monday, June 25, 2018 3:07 PM  
**To:** Monique Paul  
**Subject:** RE: MESSENGER FREIGHT SYSTEMS

Good afternoon Monique,

Thank you for making the time to talk last week. As discussed it was a very challenging week with the compromised account and frozen status. We thoroughly appreciate your patience and understanding. I should have the new banking details ready to relay by middle of this week. Regarding payments, would it be possible to move our PAD date to Friday in lieu of Monday? I am seeing through analysis of Max's cash flow projections that it is a challenge allocating amounts as such on Monday.

Cheers,

Nathan

Nathan McDaniel  
Financial Controller  
Messenger Freight System  
150 Dennis Road  
P.O. Box 100  
St. Thomas, ON N5P 0B6  
Bus: 519-631-9604 x107  
Fax: 519-631-1135  
<http://www.messengerfreight.ca>



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**From:** Monique Paul [<mailto:mpaul@hoggfuel.com>]  
**Sent:** June 22, 2018 10:36 AM  
**To:** [nathan@messengerfreight.ca](mailto:nathan@messengerfreight.ca)  
**Subject:** MESSENGER FREIGHT SYSTEMS  
**Importance:** High

Nathan,

As per our conversation we have received Monday June 18<sup>th</sup>, 2018 PAD back as Account Frozen  
 Account # 96246010 \$9,542.21  
 Account # 96242510 \$49,590.24  
 Total \$59,132.45

We are also holding this week's PAD Monday June 25<sup>th</sup>, 2018  
 Account # 96246010 \$8,976.19  
 Account # 96242510 \$47,579.43  
 Total \$56,555.62  
 Leaving us in arrears of two weeks for \$115,688.07

Monday July 2, 2018  
 Account # 96246010 \$10,707.65  
 Account # 96242510 \$41,072.37  
 Total \$51,780.02

Total owing as of Monday July 2, 2018 \$51,780.02 + \$115,688.07= \$167,468.09

Below is how you are proposing to pay this  
 Monday July 2, 2018 \$83,734.05  
 Monday July 9, 2018 regular amount owing + \$27,911.35  
 Monday July 16, 2018 regular amount owing + \$27,911.35  
 Monday July 23, 2018 regular amount owing + \$27,911.35

Please confirm this is what you would like us to do and I will go and talk to the fuel manager and see if he will approve this option or not.

I have also attached a new PAD form for you to fill out with the new banking information

Thanks,

*Monique Paul*  
 Credit Analyst  
 Hogg Fuel and Supply Ltd.  
 Transit Petroleum Inc.  
 519-579-5330 Ext 1161  
[mpaul@hoggfuel.com](mailto:mpaul@hoggfuel.com)



IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF 1732427 ONTARIO INC. AND 1787930 ONTARIO INC.  
BOTH OF THE CITY OF ST. THOMAS, IN THE PROVINCE OF ONTARIO

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(Returnable December 19, 2018)

**SWANICK & ASSOCIATES**

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Suite 101  
225 Duncan Mill Road  
Don Mills, Ontario  
M3B 3K9

ATTN: BRUCE SIMPSON 18977E

(416) 510-1888 - phone  
(416) 510-1945 - fax

Lawyers for the 1732427 Ontario Inc. and  
1787930 Ontario Inc.