

Court File No. CV-23-00710413-00CL

**TRADE X GROUP OF COMPANIES INC., 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. AND TX
OPS CANADA CORPORATION**

**TWELFTH REPORT OF FTI CONSULTING CANADA INC., AS COURT-
APPOINTED RECEIVER**

September 8, 2026

Court File No. CV-23-00710413-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

B E T W E E N

MBL ADMINISTRATIVE AGENT II LLC, as agent for POST ROAD
SPECIALTY LENDING FUND II LP (f/k/a MAN BRIDGE LANE
SPECIALTY LENDING FUND II (US) LP), and POST ROAD SPECIALTY
LENDING FUND (UMINN) LP (f/k/a MAN BRIDGE LANE SPECIALTY
LENDING FUND (UMINN) LP)

Applicant

v.

TRADE X GROUP OF COMPANIES INC., 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. AND TX
OPS CANADA CORPORATION

Respondents

**TWELFTH REPORT OF FTI CONSULTING CANADA INC., AS COURT-
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A. INTRODUCTION AND PURPOSE

1. Pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated December 22, 2023 (the “**Receivership Order**”), FTI Consulting Canada Inc. was appointed as receiver and manager (in such capacity, the “**Receiver**”), without security, of the following property of Trade X Group of Companies Inc. (“**Trade X Parent**”), 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. and TX Ops Canada Corporation (“**TX Canada**”) (collectively, “**Trade X**” or the “**Debtors**”):
 - (a) the assets, undertakings and properties of the Debtors (other than Trade X Parent and TX Canada) acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof;
 - (b) the assets, undertakings and properties of Trade X Parent (other than the shares of 13517985 Canada Inc. (“**Wholesale Express**”)) acquired for, or used in relation to a business carried on by Trade X Parent, including all proceeds thereof; and
 - (c) certain assets, undertakings and properties of TX Canada defined as the “TX Canada Collateral” in the Affidavit of Westin Lovy sworn December 4, 2023.
2. The application was brought by MBL Administrative Agent II LLC (the “**Agent**” or the “**Applicant**”) as agent for Post Road Specialty Lending Fund II LP (f/k/a Man Bridge Lane Specialty Lending Fund II (US) LP), and Post Road Specialty Lending Fund (UMINN) LP (f/k/a Man Bridge Lane Specialty Lending Fund (UMINN) LP) (together, the “**Lenders**”) pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, C. C-43, as amended, and shall be referred to herein as the “**Receivership**”.

3. The purpose of this Twelfth Report of the Receiver (the “**Twelfth Report**”) is to provide information to the Court on the following:
 - (a) the Receiver’s request for approval of the partial settlement reached in respect of the Trade X Claim (as defined below), and for a sealing order in respect of the Settlement Amounts (as defined below); and
 - (b) the Receiver’s request for approval of certain reports of the Receiver and the activities and conduct of the Receiver described therein, and approval of the fees and disbursements of the Receiver and the Receiver’s legal counsel, as described herein.

B. TERMS OF REFERENCE

4. In preparing this Twelfth Report and making the comments herein, the Receiver has been provided with and has relied upon certain unaudited, draft and/or internal financial information, the motion materials filed in respect of this proceeding, the Debtors’ books and records, and discussions with certain former employees of the Debtors (collectively, the “**Information**”). Future oriented financial information relied upon in the Twelfth Report is based on assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material.
5. The Receiver has not audited or otherwise verified the accuracy or completeness of the Information in a manner that would, wholly or partially, comply with Generally Accepted Auditing Standards (“**GAAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
6. The Receiver has prepared this Twelfth Report solely for the use of the Court and the stakeholders in these proceedings and will make a copy of the Twelfth Report, and related documents, available on the Receiver’s website at <http://cfcanada.fticonsulting.com/TradeX/> (the “**Receiver’s Website**”).
7. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

8. Unless otherwise stated herein, capitalized terms not defined in this Twelfth Report have the meaning ascribed to them in the Receivership Order.

C. APPROVAL OF PARTIAL SETTLEMENT OF TRADE X CLAIM

9. Since its appointment, the Receiver has worked diligently to understand the Debtors' affairs and realize on the Debtors' assets for the benefit of the Debtors' stakeholders. As discussed in Prior Reports (as defined below), this effort has been complicated by, among other things, the Debtors' complex accounting records, extensive dealings with non-arm's length parties, and the refusal by certain key individuals with knowledge of the Debtors' affairs to speak with the Receiver to help it understand the underlying facts.
10. To address this issue, in late March 2024, the Receiver brought a motion seeking an Order, among other things, granting the Receiver enhanced investigative powers, including the right to examine persons with relevant information under oath and compel the production of relevant documents (the "**Investigative Powers Order**"). On April 3, 2024, the Court granted the Investigative Powers Order with respect to the individuals specified at Schedule "A" of that Investigative Powers Order, which included certain former directors, officers and employees of the Debtors.
11. Following the granting of the Investigative Powers Order, in connection with the Receiver's ongoing investigations and forensic review efforts, the Receiver identified additional individuals (the "**Additional Examined Persons**") who the Receiver believed may have relevant information in respect of the Debtors and their business, including certain additional former directors, officers, employees and customers of the Debtors. Accordingly, the Receiver sought and obtained a further Order (the "**Additional Examination Order**") on substantially the same terms as the Investigative Powers Order, to grant the Receiver the same rights to examine the Additional Examined Persons under oath. The Additional Examination Order was granted on November 1, 2024, with respect to the Additional Examined Persons specified at Schedule "A" of that Additional Examination Order.
12. The investigations, forensic review and litigation matters that have been advanced by the Receiver since the commencement of the Receivership are discussed in detail in the First

Report of the Receiver dated February 1, 2024, the First Supplemental Report to the First Report of the Receiver dated April 3, 2024, the Second Report of the Receiver dated March 27, 2024, the Third Report of the Receiver dated May 17, 2024, the Fourth Report of the Receiver dated June 18, 2024, the Fifth Report of the Receiver dated August 26, 2024, the Sixth Report of the Receiver dated September 20, 2024, the Seventh Report of the Receiver dated October 22, 2024, the Eighth Report of the Receiver dated December 16, 2024, the Ninth Report of the Receiver dated June 10, 2025 (the “**Ninth Report**”), the Tenth Report of the Receiver dated December 4, 2025, and the Eleventh Report of the Receiver dated June 1, 2026 (the “**Eleventh Report**”). Copies of such reports (the “**Prior Reports**”) are available on the Receiver’s Website. In this section, unless otherwise stated, capitalized terms not defined in this section have the meaning ascribed to them in the Prior Reports.

13. As discussed in Prior Reports, based on the Receiver’s review and investigation, and conduct of examinations pursuant to the Investigative Powers Order and the Additional Examination Order granted in these proceedings, the Receiver, in consultation with the Applicant, determined to commence a legal action (the “**Trade X Action**”) on behalf of the Debtors in respect of claims (the “**Trade X Claim**”) against the following defendants (collectively, the “**Trade X Defendants**”):
 - (a) Ryan Davidson for damages or disgorgement of profits for breach of fiduciary duty and damages for negligence;
 - (b) Eric Gosselin for damages for breach of fiduciary duty and negligence;
 - (c) Patrick Leung for damages for breach of fiduciary duty and negligence;
 - (d) The CFO Centre Limited (incorrectly named CFO Centre Inc. in the style of cause in the Trade X Claim) for damages for vicarious liability for the actions of Brent Sawadsky;
 - (e) Luciano Butera for damages or disgorgement of profits for breach of fiduciary duty and negligence; and

- (f) Eric Van Essen for damages or disgorgement of profits for breach of fiduciary duty and negligence,

in each case, in respect of the facts set out in the Statement of Claim dated April 4, 2025, filed by the Receiver on behalf of the Debtors, a copy of which is attached as Appendix “A” to the Ninth Report (the “**Trade X Statement of Claim**”). The Trade X Claim against the Trade X Defendants is in the amount of \$20,000,000, or an amount to be proven at trial. The Trade X Defendants were former officers and/or directors of one or more of the Debtors.

14. In addition, the Applicant filed a statement of claim dated April 30, 2025, and commenced a legal action (the “**Secured Lenders’ Action**” and together with the Trade X Action, the “**Actions**”) with respect to claims by the Agent and the Lenders against the Trade X Defendants and certain other defendants that are not Trade X Defendants (collectively, the “**Secured Lenders’ Defendants**” and together with the Trade X Defendants, the “**Defendants**”), a copy of which is attached as Appendix “B” to the Ninth Report (the “**Secured Lenders’ Statement of Claim**”). The Secured Lenders’ Statement of Claim sets out claims (the “**Secured Lenders’ Claim**”) for USD \$17,000,000, or an amount to be proven at trial.
15. The Actions are being case managed together at the Commercial List given the substantially overlapping subject matters, facts and parties.
16. As discussed in the Eleventh Report, on or about February 19, 2026, the Receiver and the Applicant (together, in their respective capacities as plaintiffs under the Trade X Action and the Secured Lenders’ Action, the “**Plaintiffs**”) reached a partial settlement (the “**Settlement**”) in principle of the Trade X Claim and the Secured Lenders’ Claim with the following defendants (collectively, the “**Settling Defendants**”):
 - (a) Eric Gosselin;
 - (b) Eric Van Essen;
 - (c) Luciano Butera;

- (d) Patrick Leung;
 - (e) Brent Sawadsky;
 - (f) The CFO Centre Limited;
 - (g) Philip Mittleman;
 - (h) Lakshmi Suresh; and
 - (i) Wouter Van Essen.¹
17. On March 2, 2026, the Plaintiffs disclosed the terms of the Settlement pursuant to rule 49.14 of the *Rules of Civil Procedure*. Copies of the notices served on the Defendants are attached as Appendix “A” and “B” to the Eleventh Report.
18. After agreeing in principle to the Settlement, the Receiver and the Applicant worked with the Settling Defendants to finalize the detailed terms of the Settlement and the documentation in respect thereof. The parties ultimately entered into certain Minutes of Settlement (the “**Minutes of Settlement**”) setting out the agreed terms of the Settlement among the Plaintiffs and the Settling Defendants. Attached hereto as Confidential Appendices “A”, “B”, and “C”, respectively, are: (a) the unredacted Minutes of Settlement among the Debtors (by the Receiver), the Applicant, Luciano Butera, Eric Gosselin, Eric Van Essen, Wouter Van Essen, Philip Mittleman, Brent Sawadsky, Lakshmi Suresh, and Patrick Leung dated August 26, 2026, (b) the unredacted Minutes of Settlement among the Debtors (by the Receiver), the Applicant and Eric Gosselin dated August 26, 2026, and (c) the unredacted Minutes of Settlement among the Debtors (by the Receiver), the Applicant and The CFO Centre Limited dated August 26, 2026 (collectively, the “**Confidential Appendices**”), which shall be provided on a confidential basis to the Court subject to a sealing request. Attached hereto as Appendices “D”, “E”, and “F” are redacted copies of the Minutes of Settlement, redacting only the Settlement Amounts. These redacted copies of the Minutes of Settlement were also enclosed with the notices served by the Plaintiffs

¹ For clarity, Philip Mittleman, Lakshmi Suresh and Wouter Van Essen are only Secured Lenders’ Defendants and not Trade X Defendants.

on the Defendants on August 28, 2026, pursuant to rule 49.14 of the *Rules of Civil Procedure*.

19. The key terms of the Settlement are as follows:
 - (a) AIG Insurance Company of Canada, in its capacity as insurer under Trade X's directors' and officers' insurance policy (the "**D&O Policy**"), will pay an agreed settlement amount (the "**Insurer Settlement Amount**") to the Plaintiffs,
 - (b) Eric Gosselin will pay an agreed settlement amount (the "**Gosselin Settlement Amount**") to the Plaintiffs;
 - (c) The CFO Centre Limited will pay an agreed settlement amount (the "**CFO Centre Settlement Amount**") and collectively with the Insurer Settlement Amount and the Gosselin Settlement Amount, the "**Settlement Amounts**") to the Plaintiffs;
 - (d) the Plaintiffs shall have the right to allocate the Settlement Amounts between them in their sole discretion;
 - (e) the Plaintiffs shall bring motions to amend their respective Statements of Claim to reflect the contents of the Minutes of Settlement;
 - (f) the Plaintiffs and the Settling Defendants shall execute full and final mutual releases in the form contemplated by the Minutes of Settlement; and
 - (g) the Settlement in respect of the Trade X Action is subject to this Court's approval in these proceedings.
20. The Trade X Action and the Secured Lenders' Action will continue as against Ryan Davidson, and the Secured Lenders' Action will continue as against the other remaining Secured Lenders' Defendants that are not Settling Defendants (the "**Remaining Defendants**").

21. With regards to the allocation of the Settlement Amounts referenced above, the Plaintiffs have agreed to allocate 50% in respect of the Trade X Claim and 50% in respect of the Secured Lenders' Claim.
22. The Receiver believes that the Settlement is in the best interests of the Debtors and their stakeholders, for several reasons, including:
 - (a) The Settlement provides significant value for the benefit of the Debtors' stakeholders in the near term and avoids the costs and risks associated with further litigation with respect to the Settling Defendants.
 - (b) The maximum amount payable under the D&O Policy, in respect of both defence costs and judgment, is \$4 million (the "**D&O Policy Limits**"). The Receiver understands that defence costs of the Defendants to date total more than \$600,000, although the Actions remain at the pleading stage. Absent a settlement, it is likely that the D&O Policy Limits would be exhausted by defence costs and the D&O Policy would not be available to pay any judgments obtained in the Actions. Accordingly, a settlement at this stage is likely the best approach to maximize recoveries from the D&O Policy.
 - (c) The Receiver believes that the Settlement is reasonable in the circumstances, having regard to the roles that the Settling Defendants filled at Trade X.
23. The Applicant actively participated in the negotiation of, and is a party to, the Settlement. The Applicant has executed the Minutes of Settlement and supports the Settlement. The Applicant is the Debtors' senior secured creditor and is currently owed over \$18 million in principal obligations and accrued and unpaid interest, and interest and costs continue to accrue. The Applicant is unlikely to recover all of the debt owed to it unless the Receiver and/or the Applicant are entirely (or almost entirely) successful in the Trade X Action and/or the Secured Lenders' Action and any judgment awarded in either or both of the Actions is collected in full.

24. In addition, because there is significant overlap in respect of the Defendants and the factual allegations made in the Actions, and the D&O Policy covers both Actions, it is unlikely that one of the Actions can be settled unless the other Action is also settled.
25. For the reasons discussed herein, the Receiver respectfully requests that the Settlement in respect of the Trade X Claim be approved by this Court.
26. The Receiver also respectfully requests that the Confidential Appendices containing the unredacted Minutes of Settlement (containing the Settlements Amounts) be sealed subject to further Order of the Court. The redacted Minutes of Settlement will form part of the public record, with only the Settlement Amounts redacted therefrom.
27. Each of the Minutes of Settlement require the parties to keep confidential the Settlement Amounts. Further, the Receiver is advised by counsel that the Settlement Amounts are privileged but will be disclosed to the trial judge hearing the Actions against the remaining Defendants at the end of trial. The Receiver has been advised by counsel, and understands, that this is common practice in cases involving settlements with some but not all defendants to an action.
28. The Receiver believes that disclosure of the Settlement Amounts could be prejudicial to the ongoing Actions. As discussed above, while the Settlement provides for a partial settlement of the Trade X Claim (and the Secured Lenders' Claim), the two Actions will continue as against the Remaining Defendants.
29. The Receiver understands that information relating to the Settlement may have been discussed among the Defendants, including as part of the negotiations that resulted in the Settlement. In addition, certain Remaining Defendants are related to certain Settling Defendants or are represented by the same counsel. As a result, some or all of the Remaining Defendants may know one or more of the Settlement Amounts. Notwithstanding the Remaining Defendants' actual or potential knowledge of the Settlement Amounts, the Receiver is of the view that the Settlement Amounts ought to be sealed to prevent disclosure to either the trial judge (before disclosure is required), any

potential mediator (unless the parties agree to disclosure), or other participants in the litigation process that are not entitled to disclosure of the Settlement Amounts at this time.

30. The Settlement Amounts have been disclosed to the Applicant, who is also a party to the Minutes of Settlement and supportive of the sealing request.
31. The Receiver is not aware of any party that will be prejudiced if the information is sealed and is of the view that the salutary effects of sealing such information from the public record outweigh the deleterious effects of doing so under the circumstances.
32. The Receiver believes the proposed sealing of the Confidential Appendices is appropriate in the circumstances.

D. SUMMARY OF PROFESSIONAL FEES

33. The fees and disbursements of the Receiver and its counsel are secured by the Receiver's Charge created by the Receivership Order.
34. The Receiver's primary counsel in connection with the Receivership is Goodmans LLP ("**Goodmans**"). In addition, the Receiver engaged Woods LLP ("**Woods**") as local Quebec counsel to assist with matters in the Quebec CCAA proceedings relating to Wholesale Express and the Groupe Grégor Claim (as defined and discussed in certain Prior Reports). Woods assisted, where needed and appropriate, on the applicable limited matters, and the Receiver does not believe that there has been any undue duplication of work.
35. On October 2, 2024, this Court approved the fees and disbursements of the Receiver and its counsel for the period from December 22, 2023 (the commencement of the Receivership) to August 31, 2024.
36. The fees (excluding disbursements and HST) of the Receiver, Goodmans and Woods from September 1, 2024, to on or about August 31, 2026, total \$211,609.50, \$815,832.00 and \$38,573.00, respectively.

37. Detailed invoices in respect of the fees and disbursements of the Receiver, Goodmans and Woods are provided in exhibits to the affidavits sworn by representatives of the Receiver, Goodmans and Woods, attached hereto as Appendices “G”, “H” and “I”, respectively.
38. The Receiver is of the view that: (i) the invoices of each of Goodmans and Woods reflect billings for services performed by each of them consistent with the instructions given by the Receiver; and (ii) the hourly rates charged by each of Goodmans and Woods are consistent with the rates charged by law firms practicing in the area of corporate insolvency and restructuring in the Toronto and Montreal markets, as applicable.
39. It is the Receiver’s view that the fees of the Receiver and its counsel are reasonable and appropriate in the circumstances of this case given, among other things, the complexities and challenges encountered by the Receiver in these proceedings (as described in Prior Reports) and the proceeds recovered by the Receiver to date.

40. The Receiver respectfully submits this Twelfth Report to the Court.

FTI Consulting Canada Inc.,
solely in its capacity as Court-appointed Receiver of certain
property of Trade X Group of Companies Inc., 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., and TX OPS Canada Corporation, and not in
its personal or corporate capacity



Paul Bishop
Senior Managing Director



Kamran Hamidi
Senior Managing Director