



**REPORT OF THE OFFICIAL RECEIVER
PURSUANT TO SUBSECTION 66.24(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT**

TAKE NOTICE that the Official Receiver’s position is that the court should refuse to approve the consumer proposal of Lisa Renay Geiger (**Consumer Debtor**), pursuant to ss. 66.24(2) of the *Bankruptcy and Insolvency Act* (**BIA**).

INTRODUCTION

1. The court should refuse to approve the consumer proposal, as there has been material non-disclosure of the Consumer Debtor’s financial situation. To initiate the consumer proposal proceeding, the Consumer Debtor was required by the BIA to disclose “prescribed information on [her] current financial situation.”¹ She has not done so. A “debtor unwilling to make full disclosure of [her] financial affairs, is entitled to no relief under the BIA.”²
2. Specifically, the Consumer Debtor has refused to disclose payments made, and to be made, to a third-party service provider (**Metus Lykos Debt Law Firm** or **Service Provider**). She has refused to disclose the quantum of those payments based on an assertion of ‘solicitor-client privilege.’
3. While the BIA does not compel the disclosure of privileged legal advice, the Consumer Debtor must provide the Court (and her creditors) with complete and accurate information regarding her financial situation if she wants to gain the benefit of the consumer proposal regime. The payments to the Service Provider are material and relevant to the Consumer Debtor’s financial situation. Therefore, the Consumer Debtor may choose to either disclose this allegedly privileged information or withdraw her proposal. If she does neither, the proposal should be refused on account of the incomplete disclosure.
4. Additionally, the consumer proposal is not viable and will immediately fall into default. The Consumer Debtor discloses a monthly surplus of just sixteen cents (16¢) which, over the 60-month term of the consumer proposal, will generate a total surplus of \$9.60. This amount will be unable to satisfy:
 - a. the \$5,000 lump sum payment added to the consumer proposal by amendment; or

¹ BIA para 66.13(1)(b) provides that a “consumer debtor who wishes to make a consumer proposal shall commence proceedings by . . . (b) providing the administrator with the prescribed information on the consumer debtor’s current financial situation.”

² *Re Pemberton*, [2024 ABKB 119](#) (Alta. K.B.) at para. 36, affirmed [2025 ABCA 225](#) (Alta. C.A.); *Re Wolf Rubin*, [2018 ONSC 501](#) (Ont S.C.J.) at para. 33. See also *Re Mayer*, [1994 CanLII 7461](#) (Ont S.C.) at para. 3.

- b. the undisclosed ongoing payments to the Service Provider, outside the consumer proposal, presumed to be between \$230.42 and \$263.33 per month, for a total of between \$13,825 to \$15,800.³
5. The foregoing highlights the inadequate disclosure regarding the Consumer Debtor's financial situation. The court (and the creditors) are left to speculate as to the Consumer Debtor's ability to successfully complete the consumer proposal while also meeting other, undisclosed financial obligations.
6. The Official Receiver is also concerned the payments to the Service Provider are for services duplicative of those provided by the licensed insolvency trustee (**LIT**), and may represent a diversion of funds that should (1) be kept by the Consumer Debtor to fund her fresh start, and/or (2) be used to satisfy creditor claims. The court has an obligation to ensure the integrity of the insolvency regime is maintained, including by ensuring the terms of the consumer proposal are reasonable and fair to both the Consumer Debtor and the creditors.⁴ Due to the Consumer Debtor's non-disclosure, the court is unable to make this assessment and should therefore not approve the consumer proposal.

FACTS

7. On May 5, 2025, Hudson & Company Insolvency Trustees. Inc. (**Administrator**) filed a consumer proposal on behalf of the Consumer Debtor. The consumer proposal anticipated the Consumer Debtor making 60 monthly payments to the Administrator of \$575, for a total of \$34,500.

Appendix A: Form 47 Consumer Proposal dated May 5, 2025, at para. 4.

8. On the same day, the Administrator conducted the [Directive 6R7](#) Assessment of the Consumer Debtor. At her Assessment, the Consumer Debtor executed the Directive's "Acknowledgment" wherein she stated the following with respect to financial advice:

I understand that any fees I may have paid in the last six months for advice regarding my financial situation other than the assessment referred to in this certificate were optional and not required in order to file a proposal or assignment in bankruptcy. I understand that the details regarding these fees and financial advice must be reported on my Statement of Affairs.

Furthermore, I understand that I am not required to make any additional payments for financial advice already received. Any obligation for future payments to the provider of

³ The amended consumer proposal provides for total payment of \$39,500. As discussed below, past examples show the Service Provider requires payments amounting to between 35% and 40% of total proposal payments which would, in this matter, total between \$13,825 and \$15,800, being monthly payments of between \$230.42 and \$263.33 for the 60-month term of the consumer proposal.

⁴ *Re Pemberton*, [2024 ABKB 119](#) (Alta. K.B.) at para. 36, affirmed [2025 ABCA 225](#) (Alta. C.A.) at para. 53; *Re McInnis*, [2025 NSSC 119](#) (N.S.S.C.) at para. 24-34, affirmed [2026 NSSC 10](#) (N.S.S.C.).

financial advice can be discharged through any of the options under the BIA listed above. I understand this does not include payments to the LIT related to my bankruptcy or proposal.

[emphasis added]

Appendix B: Assessment Certificate dated May 5, 2025

9. At paragraph 7 of the Consumer Debtor's sworn Statement of Affairs (**SOA**), the Consumer Debtor advised that she had received financial advice from Metus Lykos Debt Law Firm (i.e., the Service Provider) but did not disclose what had been paid, or any amount remaining to be paid:

7.1. In the last six (6) months, have you received professional advice regarding your financial situation other than from the Licensed Insolvency Trustee? Yes No

7.2. Name any and all providers of professional financial advice: Surname: Cook Given names: Scott

7.3. Name the firm/organization of the individual provider of professional financial advice: Metus Lykos Debt Law Firm

7.4. Address of the firm/organization noted at 7.3: --, --, --, --

7.5. Total amount paid to date: 0.00 7.6. Total remaining amount to be paid: 0.00

Appendix C: Form 79 Statement of Affairs dated May 5, 2005

10. An element of the sworn SOA is the "Monthly Income and Expense Statement" (**MIES**).⁵ The MIES discloses no monthly payments to the Service Provider. The MIES discloses that, after payment of total monthly expenses, including the \$575 proposal payment, the Consumer Debtor will have a monthly surplus of sixteen cents (16¢).

Appendix D: Form 65 Monthly Income and Expense Statement dated May 5, 2025

11. On June 27, 2025, the Official Receiver wrote to the Administrator seeking further information regarding the Consumer Debtor's disclosure regarding the Service Provider:

The above-mentioned estate has been flagged with a potential debt advisor referral or relationship.

I have reviewed the documents for this estate, and it is stated that Metus Lykos Debt Law Firm provided financial advice.

Are there any obligations to this firm after the proposal is accepted? I will also ask this if the answer is yes, should that obligation not be disclosed on the statement of affairs and monthly income and expense obligations to provide transparency to all the creditors of a potential preference?

Appendix E: Email from Mark Skiba (OSB) to Jeff Price dated June 27, 2025

⁵ Part B of the SOA incorporates the MIES into the SOA: "B. Budget Information: Attach Form 65 to this form"

12. In response, the Administrator advised that the Consumer Debtor had attended the Assessment with “counsel”, who objected to answering questions regarding the Service Provider on the basis of “privilege” but intimated there may be “future fees” for “future services”:

In response to your question, our office has not been made aware of any post-proposal obligations to Metus Lykos Debt Law Firm. When our office questioned the Debtor during the assessment about the subject, counsel objected, asserting privilege. When pressed further, counsel advised that any future fees would be based on future services and, therefore, post-filing.

Appendix F: Email from Jeff Price to Mark Skiba (OSB) dated June 27, 2025

13. On July 9, 2025, the First Meeting of Creditors was convened and adjourned to August 7, 2025 “to allow further time to investigate the affairs of the Debtor and consider counteroffer.” Four representatives of the Service Provider attended the meeting, including George Doufexis.

Appendix G: Minutes of the First Meeting of Creditors dated July 9, 2025

14. On July 14, 2025, the Consumer Debtor executed an amended consumer proposal. The amended consumer proposal includes the original 60 monthly payments of \$575 plus an additional lump sum payment of \$5,000, for a total of \$39,500.

Appendix H: Amended Form 47 Consumer Proposal dated July 14, 2025 at para. 4.

15. At the reconvened First Meeting of Creditors on August 7, 2025, the consumer proposal obtained creditor approval. Four representatives of the Service Provider attended, including Mr. Doufexis. During the First Meeting of Creditors, Mr. Doufexis objected to the Consumer Debtor disclosing information regarding payments to the Service Provider on the basis of “privilege”:

Chairperson asked the following questions of the debtor, Lisa Geiger:

Question 1

-Section 7.5 of Form 79 asks for the total amount paid to date to Metus Lykos Debt law Firm. The amount stated on the form is zero, is that amount correct?

Answer 1

-George Doufexis interjected and stated that Metos Lykos and debtor refuse to answer the above question on the grounds it is privileged information. Lisa Geiger agreed with George Doufexis and refused to disclose any items which are privileged.

Question 2

-Section 7.6 of Form 79 asks for the total remaining to be paid Metus Lykos Debt law Firm. The amount stated on the form is zero, is that amount correct?

Answer 2

-George Doufexis interjected and stated, again fees to a law firm are privileged information and as such cannot be forced to disclose. Lisa Geiger agreed with George Doufexis and refused to disclose the information.

Question 3

-Did you sign a contract with Metus Lykos Debt law Firm?

Answer 3

-Lisa Geiger stated, yes.

Question 4

-Are you willing to share this contract?

Answer 4

-Lisa Geiger stated, no it is privileged

Appendix I: Minutes of the Reconvened First Meeting of Creditors dated August 7, 2025⁶

16. Mr. Doufexis is not a lawyer.⁷ The Service Provider (i.e., Metus Lykos Debt Law Firm) was formerly known as “Gem Debt Law”.⁸ A [Google Search](#) of “Gem Debt Law” leads to the “Metus Lykos Debt Law Firm” website, where the name “Gem Debt Law” appears under the tab “Blog”,⁹ in the same colour as the background text, meaning it is invisible unless highlighted to expose the following:

GEM Debt Law is a Multidisciplinary Law Practice, providing Legal Services in Ontario and Alberta through Cook Law Professional Corporation. Cook Law Professional Corporation is a Licensed Law Firm under the Law Society of Ontario and operates in partnership with Daria Chyc, a Licensed Lawyer under the Law Society of Alberta.

GEM Debt Law serves clients in Manitoba, Saskatchewan and British Columbia, acting on a temporary basis under the National Mobility Agreement between the Provincial Law Societies of Canada.

We strive to significantly reduce your debt load, by utilizing lawful negotiation strategies against your creditors. We have saved clients \$1000's!

⁶ BIA ss. 114(1): Minutes “shall be admitted in evidence without further proof.”

⁷ *Debt Aid Consulting Inc. v Financial Rescue LLC*, 2023 ONSC 3470 (Ont. S.C.J.), at para. 12: “George Doufexis is the Director of Operations at Gem Debt Law. He is not a lawyer. Scott Cook is the principal lawyer at Gem.”

⁸ See above. A [Google Search](#) of “Gem Debt Law” leads to “Metus Lykos Debt Law Firm”.

⁹ <https://debtlaw.ca/blog/>

17. In 2024, Gem Debt Law sent a notice to its clients confirming that its practice has transitioned to Metus Lykos Debt Law Firm.

Appendix J: “Exciting News from Gem Debt Law!” notice dated 2024.

18. Mr. Doufexis, on behalf of the Service Provider, has objected on behalf of other consumer debtors to the disclosure of their full financial situation on the basis of privilege. For example:

Let me be very clear again. If you ask about our fees, or to see our retainer agreement, as you colleague did to Christine's husband, we will object, instruct our client to not answer, and if you persist, insist upon judicial review, as is our right.

Appendix K: Email from George Doufexis to Kelly McIntosh (OSB) dated August 18, 2025 “In the Matter of the Proposal of Christine Fatima Rego, 32-3250300”

The OSB has no legal authority to demand our retainer agreement or information regarding client fee payments. Such matters are protected under solicitor–client privilege and will not be disclosed.

If the examination you have scheduled is solely for the purpose of obtaining this privileged information, I strongly suggest you cancel it, as we will refuse to answer such questions and will advise our clients to do the same. If the examination concerns other matters, we will attend with our client to ensure that only valid questions are posed and will object to any that are not.

Should the OSB attempt to interfere with the proposal process, we will object and, if necessary, seek relief in the appropriate court. In that event, the OSB will be required to explain why it is attempting to circumvent—or outright violate—one of the most fundamental principles of Canadian law.

From this point forward, all contact with our firm’s clients must be made through our office. Metus Lykos is this client’s law firm and must be respected as such. Any breach of this instruction will result in a formal complaint to the OSB. While I acknowledge that such a complaint may not trouble you given the OSB’s recent conduct, we will nonetheless provide the OSB an opportunity to reconsider its obligations under the law.

A second breach of this instruction will result in an action in the Superior Court of Justice, where we will also be seeking costs

Appendix L: Email of George Doufexis to Colin Peacock (OSB) dated August 14, 2025 “In the Matter of the Proposal of Jim Tzovanas, 32-3250255”

19. Notwithstanding the Consumer Debtor’s refusal to provide the information required by paragraph 7 of the SOA (which is also a contravention of the Consumer Debtor’s

Acknowledgement),¹⁰ the Official Receiver is aware, via industry publications and a BIA para. 5(3)(f) complaint, of both (1) the nature of services provided by the Service Provider; and (2) the payment terms in the Service Provider's other contracts.

20. Given the lack of disclosure by the Consumer Debtor, the Official Receiver cannot verify if the Consumer Debtor's contract with the Service Provider is similar to these other contracts. However, these contracts provide insight as to as to how the Service Provider structures its services.

21. For example, the two Gem Debt Law contracts attached to the Official Receiver's Report indicate the Service Provider provides the following services:

2.1 Covered in this Retainer

THIS RETAINER IS LIMITED TO LEGAL REPRESENTATION RELATED TO ONLY THE FOLLOWING ISSUES ("Issues"):

A. Acting as Legal Representative of Client for the following:

- i. Filing Consumer Proposal, Division I Proposal, or Bankruptcy;
- ii. Selecting Trustee for Consumer Proposal, Division I Proposal, or Bankruptcy, conducting meetings with Trustee, communicating Client's preferred terms and maintaining ongoing communication with Trustee's office, monitoring Trustee's communications to creditors;
- iii. Any Meeting of Creditors held in relation to Consumer Proposal, Division I Proposal, or Bankruptcy;

B. Advising with respect to the following:

- i. Options available to minimize debt load of Client, including entering into Consumer Proposal, Division I Proposal or Bankruptcy proceedings;
- ii. Anticipating most probable responses and decisions of Creditors;
- iii. Review of Clients financial information, which may include documentation and statements from Canada Revenue Agency ("CRA"), Financial Institutions, bookkeeping records, ETC., in preparation for Consumer Proposal, Division I Proposal, or Bankruptcy;
- iv. Restructuring options (businesses).

22. The payment terms of these two contracts are as follows:

¹⁰ See Appendix B discussed above at paragraph 5.

The Complaint Contract: The Superintendent of Bankruptcy received a Gem Debt Law contract via a BIA para. 5(3)(f) complaint (the “Complaint Contract”). The Complaint Contract provides that the debtor would make 60 payments of approximately \$300 per month (totaling approximately \$17,000), with approximately 40% (approximately \$7,000) to be retained by the Service Provider for fees, sales tax, and bank fees; and 60% (approximately \$10,000) to be remitted to the administrator of the consumer proposal for distribution to creditors. Therefore, in exchange for the Service Provider’s services, approximately \$7,000 would be retained by the Service Providers rather than being available to fund either creditor recoveries or the debtor’s fresh start.

Appendix M: Redacted Gem Debt Law Contract (debtor’s name and Service Fee Table removed, and approximations used, to maintain debtor confidentiality)

The Public Gem Debt Law Contract: A licensed insolvency trustee posted a “Gem Debt Law Contract Review”, which was reposted by Insolvency Insider Canada on January 21, 2022. This Gem Debt Law contract provides that the debtor would make 60 payments of \$334.67 per month (total \$20,080.20), with approximately 35% (approximately \$7,080) to be retained by the Service Provider for fees, sales tax, and bank fees; and approximately 65% (approximately \$13,000) to be remitted to the administrator of the consumer proposal for distribution to creditors. Again, in exchange for the Service Provider’s services, approximately \$7,000 would be retained by the Service Provider rather than being available to fund either creditor recoveries or the debtor’s fresh start.

Appendix N: [GEM Debt Law Contract Review](#)

23. The Consumer Debtor’s amended consumer proposal provides for total payment of \$39,500. If the Consumer Debtor’s contract with the Service Provider is similar to the above examples, the Service Provider is requiring payments amounting to between 35% and 40% of the total proposal payments, which would be between \$13,825 and \$15,800, for monthly payments of between \$230.42 and 263.33 over the 60-month term of the consumer proposal.
24. The Superintendent of Bankruptcy has issued warnings to the public and the LIT community about contracts similar to the above, advising they needlessly provide services duplicative of those already provided by the LIT, including the LIT’s assistance to the debtor under BIA ss. 66.13(1)(a) and (2) and the assessment of the debtor per [Directive No. 6R7, Assessment of an Individual Debtor](#). This unnecessarily reduces the resources available to both debtors and creditors.

Appendix O: [The Adverse Effects of the Debt Advisory Marketplace on the Insolvency System](#)

Appendix P: [Notice to Creditors – Debt Advisors, and the Insolvency Process](#)

25. The courts have also expressed concerns about debt advisors. For example, see *Re McInnis*, [2026 NSSC 10](#) (N.S.S.C.) at para. 1, 23, 29-33; *Re McInnis*, [2025 NSSC 119](#)

(N.S.S.C.) at paras. 21 and 22 (bullet 7); and *Singh c. Canadian Consumer Credit Assistance (CCCA)*, [2014 QCCQ 11500](#) (Que. C.Q.) at para. 21.

DISCUSSION

A. Test for Court Approval

26. Subsection 66.24(2) of the BIA sets out the statutory test for court approval of a consumer proposal. The test involves both non-discretionary and discretionary elements.
27. Registrar Balmanoukian described the non-discretionary element as follows: “If I conclude that the terms of the proposal are [1] not reasonable or [2] not fair to the debtor or creditors, I have no discretion once reaching that opinion: I must refuse to approve the proposal.”¹¹
28. In addition, the court has the discretion to refuse to approve a consumer proposal if, *inter alia*, the consumer debtor has not met the BIA’s various eligibility requirements,¹² including disclosure obligations.¹³ In exercising that discretion, the court must consider the integrity of the insolvency system.¹⁴

B. Terms Are Not Reasonable

29. This consumer proposal must be refused because its payment terms are not reasonable.¹⁵ To be reasonable, the proposal “must have a reasonable possibility of being successfully completed in accordance with its terms.”¹⁶ This consumer proposal provides for payments that cannot be satisfied, such that it will fall into default.
30. Specifically, the Consumer Debtor’s MIES states that, after payment of her monthly consumer proposal payments and other expenses, she has a monthly surplus of 16¢, for a total of \$9.60 over the term of the consumer proposal. This leaves her unable to satisfy the additional \$5,000 lump sum payment required by the consumer proposal.¹⁷
31. Further, notwithstanding her statutory obligations and her Acknowledgement, the Consumer Debtor has not disclosed payments owing to the Service Provider. If other contracts with this Service Provider may serve as a guide, however, she may have payment obligations of between \$13,825 and \$15,800, for monthly payments of between \$230.42

¹¹ *Re McInnis*, [2025 NSSC 119](#) (N.S.S.C.) at para. 25. See also BIA ss. 66.24(2) and (4).

¹² BIA para 66.24(2)(b)

¹³ BIA para. 66.13(1)(b)

¹⁴ *Re Froh*, 2025 CarswellSask 71, [2025 SKKB 33](#) (Sask. K.B.) at paras. 100-106; affirmed [2025 SKKB 114](#).

¹⁵ When determining if a proposal is reasonable, “The court should also consider the payment terms of the proposal . . .” *Re Pacheco*, [2024 ONSC 1690](#) (Ont. S.C.J.) at para. 4[22].

¹⁶ *Re Pacheco*, [2024 ONSC 1690](#) (Ont. S.C.J.) at para 6.

¹⁷ See Appendix D – MIES, which advises that, after the monthly “payments to the estate” of \$575 etc., there will be a \$0.16 surplus, but the MIES does not account for the additional \$5,000 lump sum which will exhaust this nominal surplus – see MIES at page 3 of 4.

and \$263.33 over the 60-month term of the consumer proposal. Given the monthly surplus of 16¢, the Consumer Debtor is not only incapable of satisfying her consumer proposal but also any ongoing payments to the Service Provider.

C. Unfairness to the Consumer Debtor

32. The consumer proposal is unfair to the Consumer Debtor as it is mathematically incapable of being performed, given her sworn evidence, and therefore will fall into default. It is unfair for the Consumer Debtor to make payments to the Administrator (and the Service Provider) when default is inevitable, meaning these payments will not assist her in obtaining her fresh start. The Consumer Debtor will lose funds in fees that she would otherwise keep and/or which could be used to satisfy her creditors.
33. This unfairness is compounded by the fact that the payments to the Administrator and the Service Provider appear duplicative. The Official Receiver is concerned this represents an unnecessary diversion of funds that should (1) be kept by the Consumer Debtor to fund her fresh start, and/or (2) be used to satisfy creditor claims. Regardless of whether the consumer proposal falls into default, the Consumer Debtor is paying two sets of fees instead of one.
34. The court emphasized these concerns in *Re McInnis*, noting that “unregulated debt advisors [...] not only jeopardize debtor protection but also diminish creditor recovery and undermine the integrity of both LITs and the insolvency system.” In this context, *Re McInnis* also emphasized the need for the court to exercise its “supervisory and oversight function” to “uphold the integrity of the insolvency system.”¹⁸

D. Unfairness to the Creditors

35. The consumer proposal is unfair to the creditors as it is based on incomplete disclosure. The creditors were required to vote on it with an “incomplete picture”¹⁹ of the Consumer Debtors’ financial situation. As such, the creditors were unable to exercise their voting rights on an informed basis. The creditors could have insisted, in order to obtain their vote, that the Consumer Debtor leave the debt to the Service Provider behind as a provable claim in the proceeding.²⁰
36. Further, it is unfair to the creditors if the Consumer Debtor has the resources to pay more, but instead uses these funds to pay for unnecessary and undisclosed services, if that is indeed the case.²¹

¹⁸ *Re McInnis*, 2026 NSSC 10 (N.S.S.C.) at para. 33.

¹⁹ *Re Froh*, 2025 CarswellSask 71, 2025 SKKB 33 (Sask. K.B.) at paras. 100-106; affirmed 2025 SKKB 114.

²⁰ *Re Berthelette*, 1999 CanLII 18712 (Man. CA) at paras. 22-25. [Directive No. 6R7, Assessment of an Individual Debtor](#) at Acknowledgement, final paragraph.

²¹ *Re Froh*, 2025 CarswellSask 71, 2025 SKKB 33 (Sask. K.B.) at para 18(b)(ii): “the interests of the creditors in receiving the highest possible dividend in the circumstances . . .”

37. The Consumer Debtor claims disclosing the legal fees would be prejudicial because it would “alter bargaining dynamics.”²² However, solicitor-client privilege is not intended to shield relevant information about a consumer debtor’s finances from creditors – information that is fundamental to the assessment of a consumer proposal. Invoking solicitor-client privilege to withhold financial information that would alter creditors’ bargaining dynamics is entirely inconsistent with the purpose of the BIA and inconsistent with a debtor’s obligations thereunder.²³

38. Moreover, the Official Receiver is concerned the Consumer Debtor entered into a “secret side agreement” with the Service Provider that potentially provides preferential treatment of a provable claim, which would amount to “a fraud on the other creditors” and be unfair. Jurisprudence confirms that “[e]quality among creditors is a basic principle of insolvency law. A side agreement that violates that equality is unenforceable.”²⁴

39. Finally, the consumer proposal is unfair to the creditors because it has no potential for completion. The proposal is mathematically unviable and will inevitably fall into default. As a result, the creditors will see “thrown away” fees paid to administer the Consumer Proposal (to both the Administrator and the Service Provider), representing a diversion of funds that would otherwise be available to satisfy the creditor claims.

E. Disclosure Obligations - Eligibility and Integrity of the System

40. The court may refuse to approve a consumer proposal if the consumer debtor does not meet the various eligibility requirements to commence the proceeding.²⁵ Here, the Consumer Debtor is not eligible as she did not satisfy the statutory disclosure obligations: she did not disclose payments made, and to be made, to the Service Provider on her SOA and MIES.

41. It is a foundational principle of insolvency law that a debtor seeking creditor relief, and a fresh start, must make complete and honest disclosure of his or her financial situation.²⁶

²² Brief of the Debtors, page 10, para 57.

²³ E.g., see *Re Katz*, 2013 ONSC 4543, where the Court confirms that it is improper – amounting to an offence – to invoke solicitor-client privilege to circumvent compliance with disclosure obligations under the BIA (at para 18).

²⁴ *Canadian Imperial Bank of Commerce v. Cicoria*, [2000 CanLII 16990](#) (Ont. C.A.) at para. 2; affirming *Re Cicoria*, [2000 CanLII 22483](#) (Ont. S.C.) See also *Re Davidson*, [2025 ABKB 528](#) (Alta. Q.B.) at para. 99.

²⁵ For example, to be eligible the debtor: must be insolvent; must meet the liability thresholds set out in s.66.11 definition of “consumer debtor”; must find a willing administrator (66.13(1)(a)); must disclose the prescribed information to that administrator (66.13(1)(b)); must have addressed previous claims if the debtor has had a previous proposal annulled (66.32(1)); must have inspector approval if the consumer debtor is a bankrupt (66.4(2)(a)).

²⁶ *Re Pemberton*, [2024 ABKB 119](#) (Alta. K.B.) at para. 36, affirmed [2025 ABCA 225](#) (Alta. C.A.); *Re Wolf Rubin*, [2018 ONSC 501](#) (Ont S.C.J.) at para. 33. See also *Re Mayer*, [1994 CanLII 7461](#) (Ont S.C.) at paras. 3, 11-13, and 19-20.

Neither the court nor creditors are in a position to divine a debtor's finances; therefore, good faith transparency of a debtor's affairs is essential to the operation of the consumer proposal process.²⁷ A debtor that is unwilling to comply with the BIA's disclosure obligations should not seek the protection of the BIA.

42. The prerequisite disclosure for a consumer debtor to start a consumer proposal proceeding is to provide "the administrator with the prescribed information on the consumer debtor's current financial situation."²⁸ Again, the prescribed information is the SOA, which is a statement made under oath, and which includes the MIES.²⁹
43. The payments (past and future) to the Service Provider are material and relevant to the Consumer Debtor's financial situation. Therefore, by refusing to disclose information about these payments, the Consumer Debtor has failed to meet the foregoing requirement to commence proceedings.
44. This non-disclosure was not rectified at her First Meeting of Creditors, where she was required to submit to examination.³⁰ At that examination, she refused to be examined on her financial obligations to the Service Provider.
45. These are statutory duties under BIA s. 158. Performance of these duties is vital to the integrity of the insolvency system. A consumer debtor that fails to comply may be guilty of an offence under the BIA and *Criminal Code of Canada* and exposed to a fine or a term of imprisonment or both.³¹
46. A consumer debtor's refusal to disclose his or her financial situation defeats the proper operation of the BIA. It makes it impossible for:
 - a. the Administrator to perform its statutory duties to assist the Consumer Debtor "in preparing the consumer proposal"; to "investigate . . . the consumer debtor's . . . financial affairs so as to be able to assess with reasonable accuracy the consumer debtor's financial situation. . ."; or to report to the creditors an accurate "opinion as to whether the consumer proposal is reasonable and fair to the consumer debtor and the creditors, and whether the consumer debtor will be able to perform it";³²
 - b. the creditors to make an informed decision on their vote to accept or refuse the consumer proposal;³³ or

²⁷ *Re Emery Silfurtun Inc.*, [2017 ONSC 5768](#) (Ont. S.C.J.) at para 32; affirmed [2018 ONCA 485](#) (Ont. S.C.J.).

²⁸ BIA para. 66.13(1)(b)

²⁹ BIA para. 158(d); ss. 66.4(1); Form 65; and Form 79 at "D. Budget information: Attach Form 65 to this form."

³⁰ BIA para. 158(h) and 66.4(1); *Re McConnell*, [2005 CanLII 47745](#) (Ont. S.C.J.) at para. 9.

³¹ BIA paras. 198(1)(b), ss. 198(2), and 66.4(1); *Criminal Code*, R.S.C., 1985, c. C-46, s. 131-132 (perjury). See also *R. v. Farrell*, [2010 ONCJ 391](#) (Ont. C.J.).

³² BIA ss. 66.13(1) and (2); BIA subparagraph 66.14(a)(ii).

³³ BIA ss. 66.19(1).

- c. the court to know at an approval hearing if the terms of the consumer proposal are reasonable or are fair to the consumer debtor and the creditors.³⁴

47. As noted above (in paragraph 34), the Consumer Debtor claims disclosure of the legal fees would be prejudicial because it would “alter bargaining dynamics.”³⁵ This is directly contrary to the foregoing aims of the BIA. Full and complete disclosure by the Consumer Debtor is necessary to assess the accuracy of her financial situation, ensure the creditors can make an informed decision, and ensure the consumer proposal is reasonable and fair to the Consumer Debtor and the creditors.³⁶ If there is information that would alter these assessments, it must be disclosed.

48. Non-disclosure is fatal at a court approval motion. For example, in *Re Froh*, Registrar Shalashniy refused approval of a consumer proposal because, *inter alia*, the consumer debtor’s non-disclosure denied the creditors their right to have “the full picture in advance” of their vote.³⁷ As per Registrar Shalashniy:

A debtor seeking relief under the BIA has an obligation to make full disclosure of their affairs. I acknowledge that the creditors did not oppose the Current Alagar Proposal, but at the same time, the evidence also reveals that there was a significant piece of disclosure missing.³⁸

49. Relief under the BIA is for the honest but unfortunate debtor. In both bankruptcy discharge³⁹ and consumer proposal approval contexts,⁴⁰ the court has made it clear that an honest debtor must make full disclosure of his or her financial situation. Registrar Shalashniy explained this in *Re Riemer*:

Part of being honest as a bankrupt is ensuring that the trustee is provided a transparent picture of a bankrupt’s affairs. Trustees have a critical statutory duty in assisting the Court with determining facts and making recommendations to the Court in discharges. Accordingly, the Courts expect bankrupts to be forthright. Registrar Short in *Re Bigioni*, 2014 ONSC 1147, 12 CBR (6th) 254 put it well:

[50] Any debtor seeking the assistance of this court needs to come not only with clean

³⁴ BIA ss. 66.24(2).

³⁵ Brief of the Debtors, page 10, para 57.

³⁶ BIA ss. 66.24(2).

³⁷ *Re Froh*, 2025 CarswellSask 71, [2025 SKKB 33](#) (Sask. K.B.) at paras. 102; affirmed [2025 SKKB 114](#).

³⁸ *Re Froh*, 2025 CarswellSask 71, [2025 SKKB 33](#) (Sask. K.B.) at paras. 101; affirmed [2025 SKKB 114](#). See also *Re Mayer*, [1994 CanLII 7461](#) (Ont S.C.) at paras. 3, 11-13, and 19-20.

³⁹ *Re Pemberton*, [2024 ABKB 119](#) (Alta. K.B.) at para. 36, affirmed [2025 ABCA 225](#) (Alta. C.A.); *Re Wolf Rubin*, [2018 ONSC 501](#) (Ont. S.C.J.) at para. 33.

⁴⁰ *Automotive Finance Corp v Davies*, [2002 BCSC 509](#) at para 33; *Re Froh*, 2025 CarswellSask 71, [2025 SKKB 33](#) (Sask. K.B.) at paras. 100-106; affirmed [2025 SKKB 114](#).

hands but with open files. The court needs to be satisfied that it can trust the information before it [if] a bankrupt wants to obtain assistance from the Court.⁴¹

[emphasis added]

50. Justice K.D. Yamauchi recently cited with approval this statement from the Ontario Court of Appeal:

I do not think that the adjective “honest” applies to the manner in which Mr. Giannotti conducted himself in this proceeding. My review of his testimony at the discharge hearing leads to the inevitable and overwhelming conclusion that Mr. Giannotti has not told the truth to his creditors, his trustee in bankruptcy, or the court at the discharge hearing. In *Re Gestetner* (November 25, 1996), Sharpe J. (Ont. Gen. Div.) said, at para. 7:

An honest but unfortunate debtor is entitled by the law to have a fresh financial start. The applicants may have been unfortunate, but I find that they have not been honest. In my view, they are not entitled to have the fresh start the law allows them unless they are prepared to be honest with their creditors and with the court. The court has an obligation to ensure that the integrity of the bankruptcy law is maintained. The applicants have refused to provide the court with the information required to make an appropriate judgment. In light of the evidence the applicants have offered and the level of disclosure they have made as to the true state of their financial affairs, I find that they are not entitled to discharges on any terms.

I agree entirely with the philosophy manifest in this passage - a dishonest debtor, and a debtor unwilling to make full disclosure of his financial affairs, is entitled to no relief under the BIA.⁴²

[emphasis added]

51. In *Automotive Finance Corp v Davies*, Justice Boyd similarly confirmed that:

It strikes me that if the Consumer Proposal process is to have any "integrity", it must rest firmly on the foundation that all proper debts and liabilities will be disclosed by debtors seeking the protection of the Act; that the administrators will properly investigate the debtor's financial affairs; and that all creditors will be provided with proper notice of a Consumer Proposal so as to be able to elect to participate in the process if they choose.⁴³

[emphasis added]

52. In *Re Emery Silfurtun Inc.*, Justice Myers ordered a debtor to disclose a settlement agreement notwithstanding an assertion of settlement privilege. Justice Myers emphasized that debtor transparency is the minimum requirement for establishing good faith:

⁴¹ *Re Riemer*, [2025 SKKB 137](#) (Sask. K.B.) at para. 37.

⁴² *Re Pemberton*, [2024 ABKB 119](#) (Alta. K.B.) at para. 36, affirmed [2025 ABCA 225](#) (Alta. C.A.) at para. 53.

⁴³ *Automotive Finance Corp v Davies*, [2002 BCSC 509](#) (B.C.S.C.) at para 33.

Proposals are statutory processes that include court proceedings. Proposal debtors are protected from bankruptcy if they can convince their creditors and the court to support the terms of the proposal. Transparency of the affairs of the debtor to the creditors and to the court is a minimum condition of the good faith performance of a proposal process.⁴⁴

[emphasis added]

53. The Consumer Debtor’s non-disclosure on her SOA, and refusals when examined at her First Meeting of Creditors, were in relation to information key to understanding her financial situation. To borrow from Justice Osborne, that information was “centrally relevant and in fact fundamental and basic”, and therefore approval would not be “in the interests of the public at large in protecting the integrity of the bankruptcy system.”⁴⁵
54. Finally, additional disclosure is necessary in the present matter so the court can ensure the Consumer Debtor is not improperly prioritizing the claim of one creditor to the detriment of the others. Making a “secret side agreement” concurrently with a proposal proceeding that provides that a party with a provable claim⁴⁶ will receive full payment outside the proposal “amounts to a fraud on the other creditors” as it violates “the principle of equality,” being “a basic principle of insolvency law.”⁴⁷ Therefore, the court should not approve the consumer proposal based on the incomplete information presented, given its potentially significantly negative impact on the integrity of the insolvency system.

F. Privilege does not obviate statutory obligations

55. The Consumer Debtor has refused to disclose her financial situation on the basis of an assertion of ‘privilege.’ While the BIA’s consumer proposal regime does not compel the disclosure of privileged legal advice, it does require a debtor applicant to make the statutory disclosure in order to obtain court approval of the proposal.
56. If the Consumer Debtor chooses not to fully disclose her monthly expenses, her proposal cannot be properly assessed and should be refused. A debtor should not expect her proposal to be approved if she cloaks relevant information about her expenses under an assertion of privilege, thereby preventing the Administrator, creditors, and court from having a complete picture of her financial situation.⁴⁸ If the Consumer Debtor does not wish to

⁴⁴ *Re Emery Silfurtun Inc.*, 2017 ONSC 5768 (Ont. S.C.J.) at para 32; affirmed 2018 ONCA 485 (Ont. S.C.J.).

⁴⁵ *Re Selvamurugan Gunaratnam*, 2024 ONSC 1693 (Ont. S.C.J.) at paras 31 to 33. See also *Re Mayer*, 1994 CanLII 7461 (Ont S.C.) at paras. 3, 11-13, and 19-20.

⁴⁶ *Re Berthelette*, 1999 CanLII 18712 (Man. CA) at paras. 22-25. [Directive No. 6R7, Assessment of an Individual Debtor](#) at Acknowledgement, final paragraph.

⁴⁷ *Canadian Imperial Bank of Commerce v. Cicoria*, 2000 CanLII 16990 (Ont. C.A.) at para. 2; affirming *Re Cicoria*, 2000 CanLII 22483 (Ont. S.C.).

⁴⁸ E.g. by analogy see *Milot Law v Sittler*, 2025 ABCA 72 (Alta. C.A.) at para. 22: “Of course, clients cannot cloak financial records and business documents with “solicitor-client privilege” merely by providing them to their lawyer, even if the documents were provided to the lawyer to seek legal advice; rather, the documents must have been brought into existence specifically for that purpose.”

waive this privilege, she may withdraw her consumer proposal.⁴⁹ However, non-disclosure of expenses on the SOA and MIES is not an option recognized by the BIA.

57. In *Re Katz*, the court confirmed that it is improper to invoke solicitor-client privilege to avoid compliance with a bankrupt's disclosure obligations:

... this conclusion follows not only from the focus of the privilege's protection on the communications between client and lawyer for the purpose of receiving legal advice, but also from the related principle that solicitor-client privilege may not be invoked for the purpose of assisting in the commission of a crime, suppressing real evidence of a crime or perpetrating tortious conduct. Section 158(a) of the BIA imposes a statutory duty on the bankrupt to "make discovery of and deliver all his property that is under his possession or control to the trustee..." and section 158(b) requires him to "deliver to the trustee all books, records, documents, writings and paper...in any way relating to his property or affairs". The failure of the bankrupt to do any of the things required of him under BIA s. 158, without reasonable cause, constitutes the commission of an offence. To permit a solicitor to refuse to answer questions about the existence and location of the bankrupt's property would, in its effect, enable solicitor-client privilege to be invoked to assist the bankrupt in committing an offence — i.e. failing to comply with the duties imposed by section 158 of the BIA.⁵⁰

58. As such, if the Consumer Debtor wants to gain the benefit of the consumer proposal regime, she must waive the alleged privilege to the limited extent as to allow the Court to have a complete and accurate understanding of her financial situation. The Consumer Debtor is not being asked to completely waive solicitor-client privilege or to hand over her detailed legal bills. Rather, she is being asked to disclose an expense that is material to her financial situation.

59. The amount of a lawyer's fees is *prima facie* privileged information because this information can "reveal the nature or extent of legal assistance sought and received."⁵¹ However, this presumption can be rebutted if "there is no reasonable possibility that disclosure of the requested information will lead, directly or indirectly, to the revelation of confidential solicitor-client communications [...] or that the requested information is not linked to the merits of the case and its disclosure would not prejudice the client."⁵²

60. In this instance, where the Consumer Debtor is suspected of paying a set monthly fee calculated as a percentage of the total payments remitted by the Consumer Debtor, "there is no reasonable possibility that disclosure of the requested information will lead, directly or indirectly, to the revelation of confidential solicitor-client communications."⁵³ The monthly fee offers no insight as to the nature of communications or services rendered in a given period. Nor would disclosure of the monthly fee reveal any other information that could be

⁴⁹ BIA para. 66.25(b).

⁵⁰ *Re Katz*, 2013 ONSC 4543, at para 18.

⁵¹ *Wong v Luu*, 2015 BCCA 159, at para 39.

⁵² *Re Kaiser*, [2012 ONCA 838](#) (Ont. C.A.) at para. 30.

⁵³ *Re Kaiser*, [2012 ONCA 838](#) (Ont. C.A.) at para. 30.

reverse-engineered to potentially divine any legal advice the Consumer Debtor has received.

61. It is not just in a consumer proposal scenario that a debtor has a statutory duty to disclose expenses, including legal expenses. This transparency is standard in all Canadian insolvency restructuring proceedings.⁵⁴ For example, in the context of a “Notice of Intention to file a [Division I] Proposal” the debtor must file a “cash-flow statement” setting out projected receipts and disbursements (including legal fees)⁵⁵ and the trustee must comment on its reasonableness.⁵⁶ The same holds true for Division I Proposals.⁵⁷
62. Similarly, in *Companies Creditors Arrangement Act* proceedings, the debtor company must also file a cash-flow statement and financial statements, and the monitor must comment on the reasonableness of the cash-flow statement.⁵⁸ There is no carve-out to exclude projected legal expenses from that disclosure requirement, as to do so would deny the insolvency professional the ability to comment on the reasonableness of the cash-flow statements, defeating the transparency the court and creditors need.⁵⁹ Without accurate and complete disclosure of expenses, no restructuring regime would be able to function properly.
63. Ironically, the Consumer Debtor raised no solicitor-client privilege objections when she disclosed liabilities owing to two law firms – Goodman & Griffin; and Scott W. Caine – on her SOA, inviting them to prove the quantum of their claims. This is a tacit acknowledgment from the Consumer Debtor that liabilities to lawyers must be disclosed. If debtors could refuse to disclose liabilities to lawyers based on solicitor-client privilege, it would demote lawyers to a second class of unsecured creditors, forcing them to “remain in the dark” about the existence of an insolvency proceeding, denying them the ability to seek a dividend, but releasing their claims nonetheless. This would compromise the ability of insolvent individuals to obtain legal representation.⁶⁰

⁵⁴ They all require an SOA in one form or another. E.g. for Division I proposals, see 50(2)(b).

⁵⁵ CAIRP [Standards of Professional Practice](#) at 9.8.15; 9.8.20(b) at bullet #4; and 9.8.24(d) bullet #2; E.g. see [Second Report of KSV Restructuring Inc. as Proposal Trustee of Iovate Health Sciences International Inc., Iovate Health Sciences U.S.A. Inc. and Northern Innovations Holding Corp.](#) at paragraphs 1 and 2, and Appendix A and note 8 (re “professional fees”)

⁵⁶ BIA 50.4(2); [Form 29—Trustee’s Report on Cash-Flow Statement](#); [Report on Cash-Flow Statement by the Person Making the Proposal](#); [Report of Trustee on Non-filing of Cash-flow Statement or Proposal](#)

⁵⁷ BIA ss. 50(6) and (10).

⁵⁸ CCAA 10(2); para. 23(1)(b)-(d). E.g. see [First Report of KSV Restructuring Inc. as CCAA Monitor of Xiwang Iovate Holdings Company Limited, Iovate Health Sciences International Inc., Iovate Health Sciences U.S.A. Inc., Iovate Health Sciences Australia PTY Ltd and Northern Innovations Holding Corp.](#) at 7.0 “Cash Flow Forecast”, and Appendix A and Note 8 (re “professional fees”).

⁵⁹ “The requirement for a Cash-flow Statement is intended to increase transparency, so that information can be available to creditors as to how the Debtor intends to carry its business during the pendency of restructuring proceedings, and whether the expected operations could result in a deterioration in the financial position of the Debtor and thus could affect the creditors of the business.” CAIRP [Standards of Professional Practice](#) at 9.8.2.

⁶⁰ Appendix C; *Re Handelman*, [1997 CanLII 12409](#) (Ont. S.C.J.) at para. 3.

G. Canadian Charter of Rights and Freedoms - ss. 7 and 8 not engaged

64. The BIA does not compel the disclosure of privileged information. Therefore, neither s. 7 nor s. 8 of the *Canadian Charter of Rights and Freedoms* is engaged. Seeking relief under the BIA is voluntary. However, it is only available to individuals that make complete disclosure of their financial affairs. Debtors cannot seek the benefit of the BIA without meeting its foundational requirements of honesty, transparency and good faith.

CONCLUSION

65. The consumer proposal is unable to meet the BIA ss. 66.24(2) test for court approval. The terms are not reasonable and are not fair to the Consumer Debtor or to her creditors.

66. Further, by refusing to disclose the statutorily required information regarding her financial situation, the Consumer Debtor has not met the BIA's eligibility requirements and has not complied with her BIA s. 158 and 66.13(1)(b) statutory duties to provide accurate sworn financial disclosure on her SOA and MIES (including of ongoing monthly expenses to a third party during the tenure of her proposal).

67. Due to the Consumer Debtor's non-disclosure, the court does not have an accurate picture of her financial circumstances.⁶¹ The court is also unable to assess whether the Consumer Debtor is violating the fundamental "principle of equality" by prioritizing the claim of one creditor to the detriment of the others.⁶² In order to maintain the integrity of Canada's consumer insolvency system, court approval of this proposal should be refused.

Dated at the City of Calgary, in the Province of Alberta, this ____ day of February, 2026.

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wojciech
Date: 2026.02.13 14:42:59 -07'00'

Mark Skiba, Official Receiver and Acting Assistant Superintendent of Bankruptcy

⁶¹ *Re Pacheco*, [2024 ONSC 1690](#) (Ont. S.C.J.) at para 51. See also *Re Selvamurugan Gunaratnam*, [2024 ONSC 1693](#) (Ont. S.C.J.) at paras. 31 to 33.

⁶² *Canadian Imperial Bank of Commerce v. Cicoria*, [2000 CanLII 16990](#) (Ont. C.A.) at para. 2; affirming *Re Cicoria*, [2000 CanLII 22483](#) (Ont. S.C.).