Date: 20260916
Docket: BK 25-01-06778
(Winnipeg Centre)
Indexed as: Bankruptcy of Bains
Cited as: 2026 MBKB 127

COURT OF KING'S BENCH OF MANITOBA

B E T W E E N:

IN THE MATTER OF THE BANKRUPTCY OF DALBIR SINGH BAINS	)	Zachary Soprovich
	)	for the bankrupt
	)	
	)	Samantha Arbor
	)	Kalev A. Anniko
	)	for trustee Deloitte
	)	Restructuring Inc.
	)	
	)	Kaitlyn Wong
	)	for the creditor CWB Maxium
	)	Financial Inc.
	)	
	)	Judgment Delivered:
	)	September 16, 2026

REGISTRAR GOLDENBERG

INTRODUCTION

[1] Dalbir Singh Bains (the "Bankrupt") made a first-time assignment in bankruptcy on December 30, 2024 and now seeks a discharge. Deloitte Restructuring Inc., in its capacity as trustee (the "Trustee"), opposes the discharge and seeks various conditions pursuant to the ***Bankruptcy and Insolvency Act***, R.S.C. 1985 c. B-3 (the "***BIA***"). One of the creditors, CWB Maxium Financial Inc., also opposes the discharge and supports the position advanced by the Trustee.

[2] The claims filed in the bankruptcy total $73,696,900, relating primarily to personal guarantees made by the Bankrupt in his capacity as Chief Executive Officer and principal and directing mind of FGC Health Inc. and various affiliated companies which went into receivership in August 2024.

[3] The Trustee and the opposing creditor submit that any discharge should be subject to substantial conditions, including significant monetary payments. I have given careful consideration to those submissions. However, for the reasons that follow, I am not satisfied that the discharge application should be adjudicated at this time. The Bankrupt has not completed fundamental obligations of a bankrupt, including ongoing monthly reporting and the filing of outstanding tax returns. As a result, the evidentiary record remains incomplete and I do not consider it appropriate to determine the full extent of the Bankrupt's obligations, the appropriate conditions of discharge, or whether any additional payment should be required.

THE BANKRUPT IS NOT AUTOMATICALLY DISCHARGED

[4] The ***BIA*** provides for the automatic discharge of a first-time bankrupt in certain circumstances:

> **168.1(1)(a)** in the case of a bankrupt who has never before been bankrupt under the laws of Canada or of any prescribed jurisdiction, the bankrupt is automatically discharged:
> **(i)** on the expiry of 9 months after the date of bankruptcy unless, in that 9-month period, an opposition to the discharge has been filed or the bankrupt has been required to make payments under section 68 to the estate of the bankrupt; or
> **(ii)** on the expiry of 21 months after the date of bankruptcy unless an opposition to the discharge has been filed before the automatic discharge takes effect.

[5] The effect of s. 168.1(1)(a) is that a bankrupt who is required to make surplus income payments under s. 68 does not become eligible for discharge after nine months but instead remains bankrupt for 21 months.

[6] The Bankrupt initially took the position that he was entitled to an automatic discharge after nine months and advised the Trustee that he would not continue monthly reporting unless it was determined that the bankruptcy extended beyond that period. The Bankrupt now acknowledges that he was required to make surplus income payments pursuant to s. 68 of the ***BIA*** and therefore was not eligible for an automatic discharge after nine months.

[7] In light of the Bankrupt's surplus income obligations, I am satisfied that the Bankrupt was not entitled to an automatic discharge after nine months. Pursuant to s. 168.1(1)(a)(ii) of the ***BIA***, the earliest date on which the Bankrupt could have obtained an automatic discharge was 21 months after the date of bankruptcy. However, before that date, the Trustee filed an opposition to discharge. Accordingly, the Bankrupt is not entitled to an automatic discharge, and whether and on what terms a discharge should be granted is a matter to be determined by the court.

UNDISPUTED AMOUNTS

[8] The Trustee seeks repayment of:

a. $17,080.35 in non-exempt cash;
b. $460.00 received as a carbon tax refund; and
c. $236.84 received as a tax refund.

[9] The Bankrupt agrees that these amounts are payable to the estate and I note that agreement. However, for the reasons that follow, I do not consider it appropriate at this stage to make a final order concerning discharge conditions.

SURPLUS INCOME

[10] The Trustee's primary position is that surplus income owing totals $35,577.17. The Trustee alternatively calculates surplus income at $12,043.20 if the obligations arising from a separation agreement are treated as valid non-discretionary expenses. The Bankrupt agrees that $12,043.20 is payable to the estate in respect of surplus income. However, I am not prepared to determine the final amount of surplus income owing at this time.

[11] The Bankrupt ceased filing monthly reports after October 2025 because he maintained that he was entitled to an automatic discharge after nine months. The consequence is that the Trustee and the court do not presently have a complete record of the Bankrupt's income and financial circumstances throughout the full 21-month bankruptcy period.

[12] In addition, the Trustee's reports establish that the Bankrupt has not yet completed all required personal and corporate income tax filings. The Bankrupt acknowledges that those returns remain outstanding.

[13] The amount of surplus income, if any, that accrued after October 2025 cannot be determined with confidence until the reporting obligations have been completed and the outstanding tax information has been provided.

[14] I therefore decline to determine the final surplus income obligation at this time.

FILING OF OUTSTANDING TAX RETURNS

[15] The Trustee seeks a condition requiring that the Bankrupt file all outstanding personal and corporate tax returns. The Bankrupt did not oppose that requirement and acknowledges those returns remain outstanding.

[16] In my view, the filing of those returns is a basic obligation that should be completed before the court is asked to make a final determination regarding discharge. Tax filings may affect the Trustee's understanding of the Bankrupt's financial circumstances, possible liabilities, possible refunds, and the overall administration of the estate. The court should not be asked to determine final discharge conditions on an incomplete financial record.

THE APPROPRIATE PROCEDURE

[17] The Trustee asks the court to impose further conditions of discharge, including a substantial monetary payment. I have considered whether to proceed to determine those issues now. I have concluded that it would be inappropriate to do so.

[18] The Bankrupt seeks a discharge before the expiry of the 21-month bankruptcy period while simultaneously having failed to complete monthly reporting obligations for a substantial portion of that period. The very information needed by the Trustee to assess surplus income and the appropriate conditions of discharge is therefore incomplete.

[19] In my view, it would be contrary to the objectives of the ***BIA*** to permit a bankrupt to discontinue reporting based on his own interpretation of the legislation and then obtain a determination of discharge conditions on the resulting incomplete

evidentiary record. A bankrupt who has not completed the reporting obligations necessary to assess surplus income and the administration of the estate ought not obtain an advantage from that non-compliance. I am not prepared to reward non-compliance in that manner.

[20] I considered whether an outright refusal of discharge would be appropriate, but I decline to take that course. A refusal would prevent the Bankrupt from bringing a further application for discharge for a period of one year. In the circumstances, I am satisfied that a less severe remedy is appropriate. The proper course is to adjourn the discharge application and permit the Bankrupt an opportunity to fulfill his statutory obligations.

[21] I have thoroughly reviewed the affidavit of the Bankrupt and the four reports filed by the Trustee. However, those materials do not provide the complete financial picture that would ordinarily be available on a contested discharge application because the Bankrupt has not completed his ongoing reporting obligations and has not filed all required tax returns.

[22] I am requiring the Bankrupt to complete his reporting and income tax filing obligations. Corollary to that, will be the expectation and right of the Trustee to be afforded a reasonable opportunity to review those materials and determine whether additional amounts are owing to the estate and to properly update the court on its position through the filing of a further s. 170 report. The Bankrupt will be given the opportunity to file a further affidavit upon the completion of his reporting and tax filing obligations, and updated legal briefs may also be filed.

CONCLUSION

[23] The Bankrupt was not entitled to an automatic discharge on the expiry of nine months after the date of bankruptcy because he was required to make payments under s. 68 of the ***BIA***. The earliest date upon which he could have become entitled to an automatic discharge was September 30, 2026. However, because the Trustee filed an opposition to discharge before that date, the Bankrupt is not entitled to an automatic discharge and his entitlement to a discharge remains to be determined by the court.

[24] The discharge application is adjourned *sine die*.

[25] The application shall not be brought back before the court unless and until:

a. the Bankrupt has completed all required monthly reporting obligations through September 30, 2026;

b. the Bankrupt has filed all outstanding personal and corporate income tax returns; and

c. the Trustee has been afforded a reasonable opportunity to review those materials and determine whether additional amounts are owing to the estate and to properly update the court on its position.

[26] Once those steps have been completed, either party may arrange to have the discharge application brought back before the court for determination of the remaining issues, including the quantum of surplus income and any further conditions that may be appropriate. Notice of the next hearing date shall be given to the Office of the Superintendent in Bankruptcy and the opposing creditor, CWB Maxium Financial Inc.

[29] I will remain seized of this discharge application. Counsel may arrange a teleconference before me for the purpose of rescheduling the discharge hearing and addressing any procedural issues, including filing deadlines for the further materials.

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J. L. Goldenberg
Registrar