

COURT OF KING'S BENCH OF MANITOBA

B E T W E E N:

MANJINDER SINGH REHAL,)	<u>Patricia L. West</u>
)	<u>Damien Dagne</u>
plaintiff,)	for the plaintiff
)	
-and-)	
)	
SHARANJIT SINGH,)	<u>Scott W. Cannon</u>
)	for the defendant
defendant.)	
)	
)	Judgment Delivered:
)	February 12, 2026

BOCK J.

INTRODUCTION

[1] This dispute concerns ownership of a house and the three-acre parcel of property on which it sits, located on Klimpke Road in the Rural Municipality of Rosser, Manitoba. Manjinder Singh Rehal ("Mr. Rehal") and Sharanjit Singh ("Mr. Singh"), former business associates, each claim to be its rightful owner.

[2] Mr. Singh has filed a counterclaim in which he claims compensation for money he has spent to maintain the Klimpke Road property should I determine that he is not its owner.

[3] As I explain below, I have concluded Mr. Rehal is the rightful owner of the Klimpke Road property and that Mr. Singh is entitled to be compensated for money spent in support of its maintenance.

BACKGROUND

[4] Mr. Rehal and Mr. Singh are businessmen with a long history in the trucking industry. When they met, in 2008 or 2009, they were both working as transport truck drivers. Eventually, they decided to join forces and form their own long haul trucking delivery service and truck repair business. They did this through a complicated arrangement involving several different companies, some controlled by Mr. Rehal and others by Mr. Singh. Those controlled by Mr. Rehal included DTS Trucking Ltd. and its successor, Lavish Transport Ltd., while those controlled by Mr. Singh included Kings Cargo Express Ltd. and Canada Cargo Lines Ltd.

[5] From about 2012 until 2019 all those companies operated from a common office at 1870 King Edward Street in Winnipeg, but the legal relationship between them was never formalized. In their testimony, neither Mr. Rehal nor Mr. Singh described their working relationship in those days as a "joint venture" or "partnership", with all the legal significance those terms import. Each retained control and ownership of his separate companies. Nevertheless, the day-to-day operations of those companies appear to have

been thoroughly intertwined, financially and operationally, in pursuit of a common commercial end.

[6] Mr. Rehal and Mr. Singh both testified that they treated the money in the companies they controlled as personal funds. Each transferred money from one company to the other, or from one company to himself, as required, to support their businesses and themselves.

[7] Mr. Rehal and Mr. Singh worked together to obtain financing for their trucking business. Of particular significance to this case is a business credit loan agreement made on March 9, 2018, between the Toronto-Dominion Bank and Kings Cargo Express Ltd., a Singh-controlled company. By that agreement the bank agreed, among other things, to extend Kings Cargo Express Ltd., a \$2.1 million revolving operating line of credit. Notably, the security for this loan included an unconditional personal guarantee from both Mr. Rehal and Mr. Singh.

[8] The subject of this litigation, the Klimpke Road property, was purchased in September 2018 for \$525,000. Mr. Rehal and Mr. Singh do not agree on who discovered the Klimpke Road property – each takes credit for finding it. Nor do they agree on who purchased it – Mr. Rehal says he bought it with Mr. Singh, whereas Mr. Singh says he bought it with Mr. Rehal's father, Amrik Singh Rehal ("Amrik"). But Mr. Rehal and Mr. Singh do agree that as of September 2018 their intention was to put the Klimpke Road property to use in their trucking business by demolishing the house and constructing a shop and truck yard.

[9] On September 14, 2018, title to the Klimpke Road property was registered in the Manitoba Land Titles Registry jointly in the names of Sharanjit Singh and Amrik Singh Rehal, Mr. Rehal's father. Mr. Rehal and Mr. Singh give different explanations for the presence of Amrik's name on title.

[10] Mr. Rehal says, in effect, that his father's involvement in the purchase of the Klimpke Road property was a sham to obtain the mortgage financing from Steinbach Credit Union required to close the purchase, because Amrik had the appearance of being more creditworthy than his son. There is no dispute that of the \$525,000 paid to purchase the Klimpke Road property, \$446,250 was obtained through mortgage financing from Steinbach Credit Union. As I understand Mr. Rehal's evidence, his father was to hold title to the Klimpke Road property solely for his son's benefit, as trustee, and subject to his son's authority, as agent.

[11] Mr. Singh, on the other hand, submits the registration of title to the Klimpke Road property jointly in his and Amrik's name reflects its true legal and beneficial ownership. According to Mr. Singh, he and Amrik had agreed to acquire the property on a "50/50 basis" with a right of survivorship.

[12] As it turns out, the Klimpke Road property was never redeveloped. Mr. Singh testified he lived in it for a time between 2018 and 2021, and that it has been occupied by others since then. Today the house and yard remain more or less in the same condition as when they were purchased in September 2018.

[13] After the acquisition of the Klimpke Road property, Mr. Rehal and Mr. Singh continued to operate their trucking business together for about a year, but without

success. In June 2019 they executed a form of "Acknowledgment" (Exhibit 2A, Tab 7) by which they recorded, in writing, that they were "no longer carrying on business together whether through corporations, partnerships, joint ventures, joint enterprises or any other form or associations." Mr. Rehal moved the operation of his companies to other premises on Dawson Road, in Winnipeg, while Mr. Singh continued to operate his companies from the premises at 1870 King Edward Street.

[14] Mr. Rehal and Mr. Singh's efforts to unravel their business ties had no effect on the rights of the TD Bank under its line of credit agreement with Kings Cargo Express Ltd. By September 2020 Kings Cargo Express Ltd., and its affiliate, Canada Cargo Lines Ltd., both Singh-controlled companies, were in default of that agreement and owed the TD Bank approximately \$2.2 million, all of which continued to be personally guaranteed by Mr. Rehal and Mr. Singh.

[15] The TD Bank ultimately lost confidence in the debtor companies' ability to repay the \$2.2 million owed and therefore commenced action for, among other things, the appointment of a receiver. On October 5, 2020, Chartier, J. of this court appointed Deloitte Restructuring Inc. as receiver of all the assets, undertaking and properties of Kings Cargo Express Ltd. and Canada Cargo Lines Ltd.

[16] At the same time, TD Bank took steps to enforce Mr. Rehal and Mr. Singh's unconditional guarantees. TD Bank and Mr. Rehal quickly came to terms on a settlement which saw Mr. Rehal pay the bank \$1 million in exchange for a release of all claims dated January 11, 2021 (Exhibit 2B, Tab 15). In addition, Mr. Rehal, acting through his company Lavish Transport Ltd., agreed to purchase substantially all the assets of

Kings Cargo Express Ltd. and Canada Cargo Lines Ltd. for \$600,000. To that end, on January 27, 2021, Chartier J. issued an approval and vesting order (Exhibit 2B, Tab 19).

[17] The receivership of Kings Cargo Express Ltd. and Canada Cargo Lines Ltd. was followed by Mr. Singh's personal assignment in bankruptcy, filed on March 24, 2021. On his statement of affairs Mr. Singh listed a one-half interest in the Klimpke Road property as an asset of his estate. Mr. Singh valued the total property at \$535,000 with a balance of \$430,000 owing to Steinbach Credit Union on the mortgage.

[18] According to the bankruptcy trustee's executive summary, Mr. Singh claimed a residential exemption in the Klimpke Road property and advised the trustee that he would like to retain his one-half interest in it (Exhibit 2E, Tab 57). The trustee reported that he subsequently received and accepted an offer from Mr. Singh to purchase that one-half interest for \$44,500. That sum was paid to the trustee on June 23, 2021, and by letter dated July 26, 2021, the trustee acknowledged payment in full for the estate's "1/2 Interest – 64072 Klimpke Road, Rosser, Manitoba" (Exhibit 2B, Tab 25).

[19] In this way, Mr. Singh alleges, he recovered ownership of the one-half interest in the Klimpke Road property which had vested in his trustee in bankruptcy. Thereafter, he says, he and Amrik made an agreement to restore their joint tenancy in that property, with rights of survivorship.

[20] Mr. Rehal disputes this. Mr. Rehal submits he funded Mr. Singh's \$44,500 payment to the bankruptcy trustee in exchange for Mr. Singh's agreement to transfer his one-half interest in the Klimpke Road property to him, effective June 23, 2021, the date of the

payment to the trustee. As such, it is he, and not Mr. Singh, who is entitled to ownership of the entire Klimpke Road property.

[21] In response, Mr. Singh admits that Mr. Rehal was the source of the \$44,500 payment to the trustee, but says this sum represented Mr. Rehal's partial repayment of a \$300,000 loan which Mr. Singh had made to him in December 2020 to facilitate Mr. Rehal's \$600,000 asset purchase from Kings Cargo Express Ltd. According to Mr. Singh, upon payment of the \$44,500 to the trustee he recovered ownership of a one-half interest in the Klimpke Road property, while the other half continued to be owned by Amrik. As I have already mentioned, Mr. Singh contends that he and Amrik then made their agreement to restore their joint tenancy of the Klimpke Road property.

[22] This complicated state of affairs became even more complicated as a result of the sudden death of Amrik on September 30, 2021 in India, where he had been living with his wife. He died testate, and by the terms of his will left his entire estate to his son, Mr. Rehal (Exhibit 2C, Tab 54).

[23] From Mr. Singh's point of view, Amrik's death was a significant event in relation to the Klimpke Road property, because it resulted in his succession to Amrik's share of the property by right of survivorship. From Mr. Rehal's point of view, Amrik's death had no real effect on ownership of the Klimpke Road property, since he was already beneficial owner of the half-interest registered in his father's name, and had acquired the other half from the trustee in bankruptcy for \$44,500 in June 2021.

[24] There was a delay of several months after the death of Amrik before either party took any steps to assert a claim to the Klimpke Road property. Mr. Singh moved first, in

May 2022, to stake his claim to the Klimpke Road property. He did so with help from a former employee, Manohardeep Dhillon ("Mr. Dhillon").

[25] Mr. Dhillon had emigrated from India in 2013. He met Mr. Rehal and Mr. Singh the following year. At the time, Mr. Dhillon was seeking employment. Mr. Rehal and Mr. Singh soon hired him to work for them at 1870 King Edward Street. Mr. Dhillon's evidence was that he was involved in several different aspects of their trucking business, including safety and compliance, hiring and banking. His wages were originally paid by Canada Cargo Lines Ltd., a Singh-controlled company. That changed, however, and by 2022 he was working for Lavish Transport Ltd., a Rehal-controlled company.

[26] Mr. Dhillon's employment with Lavish Transport Ltd. came to an end on May 7, 2022. On that day, Mr. Dhillon informed Mr. Rehal by email that he was "going on a[n] extended stress leave due to my mental health." He attributed his poor mental health to debt he had assumed in his efforts to help Mr. Rehal and Lavish Transport Ltd. In the email sent in response, Mr. Rehal informed Mr. Dhillon that his employment was terminated immediately (Exhibit 3). According to Mr. Rehal, he fired Mr. Dhillon because he had transferred company funds to himself after being told not to do so.

[27] Whether or not Mr. Dhillon and Mr. Rehal had cause for complaint against one another goes beyond the scope of this lawsuit. What is relevant, however, is that as of May 7, 2022, their relationship was obviously strained, which might help to explain why Mr. Dhillon came to align himself with Mr. Singh against Mr. Rehal regarding ownership of the Klimpke Road property.

[28] After Mr. Dhillon's departure from Lavish Transport Ltd., he and Mr. Singh quickly took steps to have title to the Klimpke Road property transferred to Mr. Singh. By May 2022 Mr. Singh was no longer living in Winnipeg, having moved to Michigan in June 2021. For this reason, on May 19, 2022, Mr. Singh executed a "Special Power of Attorney", by which he conferred broad authority on Mr. Dhillon, who lived in Winnipeg, to "sell and transfer title to my property commonly known as 64072 Klimpke Road" (Exhibit 2C, Tab 39). Mr. Singh then obtained a copy of Amrik's death certificate from the clinic in India where Amrik had died, which he had notarized by a notary in India on May 21, 2022 (Exhibit 2C, Tab 39). On May 25, 2022, Mr. Dhillon, now acting on behalf of Mr. Singh under the authority of the Special Power of Attorney, executed and filed in the Manitoba Land Titles Registry a request for the transmission of Amrik's interest in the Klimpke Road property to Mr. Singh by right of survivorship. In support of that request, he filed the notarial copy of Amrik's death certificate which Mr. Singh had obtained from India (Exhibit 2C, Tab 39).

[29] In early June, Mr. Rehal discovered that title to the Klimpke Road property had been transferred to Mr. Singh. Upon learning this, he instructed his lawyer, Norman Boudreau, to file a caveat to protect his interest in the property. On June 8, 2022, Mr. Boudreau filed a caveat signed by Mr. Rehal in which he claimed an interest in the entire Klimpke Road property.

[30] Mr. Rehal and Mr. Singh's competing claims to the Klimpke Road property were thus established, so setting the stage for this litigation.

[31] Since May 2022, Mr. Singh has paid various costs related to the Klimpke Road property totaling \$164,139.95. These costs include mortgage payments, repairs and maintenance, property taxes, insurance and utilities. They are itemized on Exhibit 6. He borrowed this money from Mr. Dhillon, and that loan is secured by a \$250,000 mortgage in favour of Mr. Dhillon registered against title to the Klimpke Road property. Mr. Singh has filed a counterclaim to recover these amounts in the event Mr. Rehal is successful in his claim to ownership of the Klimpke Road property.

THE PARTIES' POSITIONS

[32] At this point, it is useful to summarize the parties' positions.

[33] Mr. Rehal submits he and Mr. Singh purchased the Klimpke Road property as equal co-owners in 2018. Amrik's involvement was purely a matter of form, to assist them in obtaining the mortgage financing they needed. In fact, Mr. Rehal was always the beneficial owner of the one-half interest in the Klimpke Road property registered in his father's name. He acquired the other half from Mr. Singh by paying \$44,500 to Mr. Singh's trustee in bankruptcy on June 23, 2021. He is therefore entitled to an order transferring title to the Klimpke Road property to him. He also seeks damages, which his counsel described as "occupation rent", for the notional rent the property could have earned since June 23, 2021.

[34] Mr. Singh, on the other hand, contends that he and Mr. Rehal's late father, Amrik, purchased the Klimpke Road property in 2018 as joint tenants with a right of survivorship. Mr. Singh does not dispute that his bankruptcy in March 2021 severed their joint tenancy, vesting one undivided half-interest in the property in his trustee in bankruptcy and the

other in Amrik. But, Mr. Singh argues, he acquired the trustee's half interest in June 2021 for \$44,500, money which he says he received from Mr. Rehal as partial repayment of a \$300,000 loan. Mr. Singh and Amrik then made an agreement to restore their joint tenancy and rights of survivorship in the Klimpke Road property. When Amrik died on September 30, 2021, Mr. Singh acquired his interest in the Klimpke Road property by right of survivorship, so becoming the sole owner of the entire property.

[35] Mr. Singh also denies Mr. Rehal is entitled to occupation rent.

[36] In reply, Mr. Rehal submits that even if Mr. Singh's version of events is accepted – that is, even if I were to find that Mr. Singh and Amrik did acquire the Klimpke Road property in 2018 as joint tenants with a right of survivorship – their joint tenancy was severed by virtue of Mr. Singh's bankruptcy on March 24, 2021, and they never made a new agreement thereafter to restore that joint tenancy. On this view of the matter, when Amrik died on September 30, 2021, Mr. Rehal inherited his father's one-half interest in the Klimpke Road property pursuant to the terms of his father's will.

[37] As regards Mr. Singh's counterclaim, Mr. Rehal does not dispute Mr. Singh's entitlement to be reimbursed for amounts he paid in connection with the Klimpke Road property after June 23, 2021, but he does dispute the amount claimed.

DISCUSSION AND DISPOSITION

[38] I have organized this portion of my reasons around the following conclusions:

- a. Mr. Rehal and Mr. Singh purchased the Klimpke Road property as equal co-owners in 2018;

- b. In the alternative, Mr. Singh's bankruptcy severed the joint tenancy with Amrik in respect of the Klimpke Road property, and Mr. Rehal inherited his father's interest in that property upon his death;
 - c. Mr. Rehal acquired Mr. Singh's one-half interest in the Klimpke Road property in return for a payment of \$44,500 to Mr. Singh's trustee in bankruptcy;
 - d. Mr. Rehal is not entitled to occupation rent; and
 - e. Mr. Singh is entitled to judgment on his counterclaim for monies expended by him on the mortgage, utilities, taxes and repairs at the Klimpke Road property.
- a. Mr. Rehal and Mr. Singh purchased the Klimpke Road property as equal co-owners in 2018.**

[39] Mr. Rehal testified his father's involvement in the acquisition of the Klimpke Road property was purely a matter of form to obtain the mortgage financing from Steinbach Credit Union which he and Mr. Singh required to fund the purchase price. According to Mr. Rehal, they believed they were more likely to get that financing, and on better terms (a reduced downpayment and a waiver of CMHC fees), if the transaction were presented to the Steinbach Credit Union as a purchase by his father, Amrik, and Mr. Singh.

[40] Mr. Singh denies this. According to him, he acquired the Klimpke Road property jointly with Amrik.

[41] In short: Mr. Rehal says he had a contract to purchase the Klimpke Road property with Mr. Singh, whereas Mr. Singh says his contract was with Amrik. Resolving this issue engages the rules of contract formation. The standard for determining whether a contract has been made is whether an "objective reasonable bystander", looking at all the material facts, would say so (*Matic et al v. Waldner et al*, 2016 MBCA 60, para. 55). Because

this analysis is concerned only with the parties' manifest intentions, their subjective intentions are not relevant (***Cement Accents Manitoba Inc et al v. Wagner Construction et al***, 2023 MBCA 59, para. 33).

[42] The material facts in this case lead me to accept Mr. Rehal's version of events – that he and Mr. Singh made a contract for the purchase of equal shares in the Klimpke Road property, and that the only reason for Amrik's involvement was to obtain the necessary mortgage financing. My conclusion is based on the circumstances around the time of the purchase of the Klimpke Road property as well as the parties' conduct after the purchase. I will first review the relevant circumstances in which the parties found themselves around the time of the purchase before moving on to discuss their conduct after the purchase.

[43] First, by the time of the purchase of the Klimpke Road property Mr. Singh had been working closely with Mr. Rehal, not Amrik, for several years. Mr. Singh led no evidence to explain why Mr. Rehal's father, Amrik, would have been involved in this transaction for any reason other than to let his name be used to secure mortgage financing. There is no evidence that Amrik was ever involved in the management or operations of any of the many companies through which his son, Mr. Rehal, and Mr. Singh carried on their trucking business. Nor is there any evidence that Amrik ever made any financial investment or contribution of any kind to that business.

[44] Second, Mr. Rehal and Mr. Singh both testified that the acquisition of the Klimpke Road property in September 2018 was part of their shared plans for the business, with the intention that it be redeveloped for use as a shop and truck yard. They both testified

that at the time their working relationship was very good. Amrik was not involved in making these plans, nor was he part of their working relationship.

[45] Third, there is no evidence that Amrik contributed anything toward the \$25,000 deposit and \$66,000 cash to close for the purchase of the Klimpke Road property. It is frankly not possible to determine conclusively whether the source of those payments was Mr. Rehal, Mr. Singh, or the two of them. The evidence is murky. Mr. Singh claims he paid both; Mr. Rehal claims they both contributed through one or more of their companies, but he is now unable to remember which. Neither has produced any records to substantiate and corroborate their assertions; both testified that such records no longer exist. The written offer to purchase prepared by the realtor who acted on the purchase, Mr. Gill, does not identify the source of the \$25,000 deposit. The reporting letter and statement of adjustments from the lawyer who acted on the purchase, Mr. Sharma, do not identify the source of the \$66,000 cash to close (Exhibit 2A, Tab 4, p. 53). The evidence of Mr. Sharma and Mr. Gill might have shed light on this subject, but neither party called either of them to testify. All that can really be said with respect to the evidence concerning the \$25,000 deposit and \$66,000 cash to close the transaction is that it supports the conclusion that Amrik was not financially involved.

[46] Fourth, Mr. Rehal's evidence that Amrik's involvement in the acquisition of the Klimpke Road property was a sham is corroborated to some extent by the Steinbach Credit Union mortgage loan documents themselves (Exhibit 2A, Tab 3), which, Mr. Rehal admitted (and Mr. Singh did not deny), misrepresented Amrik's address, phone number, occupation and employer.

[47] Fifth, the concept of using Amrik's name on title as a joint owner of the Klimpke Road property despite the fact that it did not represent the true legal and financial arrangements between Mr. Rehal and Mr. Singh is not unusual in the experience of either party. Mr. Rehal attributed this fact to his Indian culture. For instance, he testified, in his family real property was commonly purchased by one family member in the name of another, both in Canada and in India. Mr. Singh made reference to a similar concept, "family money", to explain why he asserted a right of ownership in loans of \$100,000 by his wife and \$200,000 by his brother-in-law to Mr. Rehal. (I will return to these loans later in these reasons.)

[48] Turning next to the conduct of the parties toward the Klimpke Road property after its purchase, I find it also supports the conclusion that Mr. Rehal and Mr. Singh made a contract to purchase the property as co-owners. Mr. Rehal testified that he paid amounts toward the mortgage and utilities, both before and after Mr. Singh's assignment in bankruptcy in March 2021. He testified that most of the records with respect to payments made before the bankruptcy in March 2021 no longer exist. However, there were records of some payments filed in evidence, including payments in respect of the mortgage from November 2020 to July 2022 (Exhibit 2C, Tab 45) and for utilities for the period October 2020 to November 2021 (Exhibit 2 B, Tab 33). The only reasonable inference to draw from these payments is that it was in Mr. Rehal's financial interest to make them, because he was a co-owner of the property.

[49] Similarly, there is evidence that before his bankruptcy Mr. Singh also paid some of the costs associated with the Klimpke Road property. I have no doubt that he did so because it was in his interest, as co-owner, to do so.

[50] By contrast, there is no evidence that Amrik ever paid anything toward the mortgage, property taxes, utilities or maintenance of the Klimpke Road property.

[51] I find Mr. Singh's explanation for making a joint ownership agreement with Amrik simply unbelievable. As described by Mr. Singh, the terms of that agreement were generous: Amrik would be entitled to one-half of any sale proceeds, and to the whole Klimpke Road property in the event of Mr. Singh's death, despite the fact that Amrik was not involved in the business, did not contribute to the purchase price, and was not expected to make any payments toward the running costs of the property. The reason for this generosity, Mr. Singh submits, was that Amrik was his business partner's father and he and Amrik had a warm and friendly relationship. Frankly, viewed in the context of the evidence of Mr. Singh's business dealings, which suggest he was primarily motivated by financial self-interest, that makes very little sense. When I go on to consider that at the same time Mr. Singh was allegedly making these generous arrangements with Amrik he was also supporting his wife and children, Mr. Singh's account loses all credibility.

[52] Ultimately, the evidence leads me to conclude that Amrik's role in the acquisition of the Klimpke Road property was as bare trustee for his son, Mr. Rehal. In ***North American et al v. The Deputy Minister of Finance***, 2019 MBQB 29, para. 43, Dewar J. relied on the following description of a "bare trust" from ***Waters Law of***

Trusts, fourth ed, at p. 33, and it applies equally to describe the Rehals' ownership of the Klimpke Road property:

The usually accepted meaning of the term "bare", "naked" or "simple" trust is a trust where the trustee or trustees hold property without any duty to perform except to convey it to the beneficiary or beneficiaries upon demand.

[53] I find Amrik held title to the Klimpke Road property solely for Mr. Rehal's benefit and subject to his instructions. There is no evidence that Amrik had any duty with respect to the property except to convey it when instructed by Mr. Rehal to do so.

[54] In summary, Mr. Rehal and Mr. Singh made a contract to purchase the Klimpke Road property together in 2018 as co-owners, with the intention that they would use it in their trucking business. The registration of title jointly in the names of Amrik and Mr. Singh did not record the true nature of their interests in the property. Amrik's involvement was a matter of form to obtain mortgage financing from the Steinbach Credit Union, and his only interest in the property was as bare trustee in favour of Mr. Rehal.

b. In the alternative, Mr. Singh's bankruptcy severed his joint tenancy with Amrik

[55] If I am incorrect in my conclusion that Mr. Rehal and Mr. Singh purchased the Klimpke Road property as equal co-owners, I find Mr. Singh's bankruptcy in March 2021 severed his joint tenancy with Amrik.

[56] As a matter of law, the effect of Mr. Singh's bankruptcy was to sever title to the property, with his interest in it passing to and vesting in the trustee: ***Chisick (Re)***, 1967 CanLII 528 (MBCA), paras. 8-9. Amrik and Mr. Singh then became tenants in common, each with an undivided one-half interest in the Klimpke Road property. Upon Amrik's

death, his son, Mr. Rehal, inherited his one-half interest in the Klimpke Road property pursuant to the terms of Amrik's will (Exhibit 2C, Tab 54).

[57] I find Mr. Singh's argument in response unpersuasive. He does not dispute that the legal effect of his bankruptcy was to sever the joint tenancy in the Klimpke Road property. Instead, Mr. Singh argues his joint tenancy with Amrik was restored by an agreement he says the two of them made after he purchased the one-half interest in the Klimpke Road property which had vested in his trustee in bankruptcy.

[58] The simple answer to Mr. Singh's argument is there is no evidence that he and Amrik ever made any agreement at all, verbally or in writing, with respect to the Klimpke Road property between the date of Mr. Singh's bankruptcy, March 24, 2021, and Amrik's death on September 30, 2021.

[59] Thus, in the alternative I find Mr. Singh's bankruptcy severed the joint tenancy with Amrik in respect of the Klimpke Road property. No agreement was ever made thereafter to restore their joint ownership of that property and upon Amrik's death it passed to Mr. Rehal pursuant to the terms of Amrik's will.

c. Mr. Rehal acquired Mr. Singh's one-half interest in Klimpke Road in consideration for a payment of \$44,500 to Mr. Singh's trustee in bankruptcy

[60] Mr. Rehal testified that he acquired Mr. Singh's one-half interest in the Klimpke Road property in consideration for a \$44,500 payment to Mr. Singh's trustee in bankruptcy, and that he funded that payment through the corporate account of his company, Lavish Transport Ltd.

[61] I accept his evidence, because it is corroborated by a number of documents filed in evidence. For example, the purchase price of \$44,500 matches the value which the trustee in bankruptcy ascribed to Mr. Singh's interest in Klimpke Road (Exhibit 2E, Tab 57). Mr. Rehal produced a Bank of Montreal bank draft in the sum of \$44,500 payable to the trustee which he said he delivered to the trustee's office (Exhibit 2B, Tab 23), as well as a Lavish Transport Ltd. account statement for June 23, 2021, recording the debit of \$44,500 from its account to fund the bank draft (Exhibit 2B, Tab 24). (Recall that Lavish Transport Ltd. was a Rehal-controlled company.) On July 26, 2021, Mr. Singh received by email a bill of sale from the trustee in bankruptcy acknowledging receipt of payment in exchange for the 50% interest in Klimpke Road (Exhibit 2B, Tab 25), which he promptly forwarded to Mr. Rehal (Exhibit 2B, Tab 26).

[62] This last document is of particular significance. In my view, Mr. Singh's email forwarding the trustee's acknowledgement of receipt of payment for the Klimpke Road property is an implicit, but obvious, acknowledgement by him of Mr. Rehal's interest in the matter. Mr. Singh's attempt to explain this away is unconvincing. He suggests that Mr. Rehal must have hacked into his email account and forwarded the email from the trustee (Exhibit 2B, Tab 25) to himself. There is no other evidence to support that theory and I find it far-fetched.

[63] I reject Mr. Singh's assertion that he acquired the half-interest in the Klimpke Road property from his trustee in bankruptcy using \$44,500 which Mr. Rehal gave him as partial repayment of a \$300,000 debt, because over time he has presented at least three other versions of events in addition to this one:

- a. in the statement of affairs which he signed in support of his bankruptcy assignment, he does not disclose any debt owing to him by Mr. Rehal, let alone a debt of \$300,000 (Exhibit 2E, Tab 57);
- b. on May 25, 2023, Mr. Singh filed a statement of claim against Mr. Rehal in which he claimed repayment of a loan of \$300,000 and alleged that no amount had been paid on account of that indebtedness (Exhibit 7); and
- c. at trial he testified that the \$300,000 was in fact made up of the two loans mentioned earlier in these reasons, one of \$200,000 from Mr. Singh's brother-in-law and the other of \$100,000 from Mr. Singh's wife.

[64] Mr. Rehal admits he received \$300,000 from Mr. Singh in about January 2021, which he understood had been raised by Mr. Singh from others. According to Mr. Rehal, this money was paid to him to fund a settlement of the TD Bank's claim against him on his personal guarantee of Kings Cargo Express Ltd.'s debt and to close the \$600,000 asset purchase agreement with the receiver. The sum of \$300,000 was paid in trust to Mr. Rehal's lawyer, Norman Boudreau, by means of two bank drafts, one in the sum of \$100,000 and the other for \$200,000 (Exhibit 2B, Tab 13). In due course, Mr. Boudreau released that money to conclude the settlement with TD Bank and the asset purchase agreement with the bank's receiver.

[65] According to Mr. Rehal, all of this was done pursuant to an agreement between him and Mr. Singh to resolve matters between them with respect to the TD Bank's claims. The evidence leaves me with no better explanation for this situation, and I therefore accept it.

[66] There was some confusion in the evidence and in the pleadings about the amount which Mr. Rehal paid to acquire Mr. Singh's one-half interest in the Klimpke Road property. Originally, it was identified in the statement of claim as \$45,000. An amendment to the statement of claim corrected this figure to \$44,500. I find nothing turns on this small inconsistency.

[67] To conclude this section of my reasons, I find Mr. Rehal acquired Mr. Singh's one-half interest in the Klimpke Road property by payment of the sum of \$44,500 to Mr. Singh's trustee in bankruptcy. As a result, Mr. Rehal was entitled to have that interest conveyed to him effective June 23, 2021, the date of the payment to Mr. Singh's trustee.

(d) Mr. Rehal is not entitled to occupation rent

[68] Mr. Rehal claims he is entitled to an award of "occupation rent" against Mr. Singh – that is, notional rent to compensate him for being excluded from the use of the property since June 23, 2021.

[69] Occupation rent is a discretionary remedy sometimes awarded in circumstances where one joint tenant has been locked out or otherwise dispossessed of the jointly-owned property by the other joint tenant. (See *Gzebowski v. Ogwal*, 2022 MBQB 121, paras. 30 – 32)

[70] I find there is no basis to make an award in respect of occupation rent. Mr. Singh did not derive any economic benefit from the Klimpke Road property after June 23, 2021. He did not live in the premises after that date, having already moved to Michigan. He and Mr. Dhillon both testified that their efforts to find a renter were unsuccessful. One reason for this may be that the house is located in a rural area, on the outskirts of

Winnipeg, and comes with a large yard that requires upkeep. As an alternative to leaving the property vacant, Mr. Singh had tenants stay at the house on a rent-free basis in return for which they took care of it.

[71] Mr. Rehal led no evidence to suggest that the Klimpke Road property could have been rented, or that there was a better way to maintain it than Mr. Singh's approach. Nor was there any suggestion from Mr. Rehal that he would have or could have used the property had he had access to it during the period in question, whether for his trucking business (which has since ceased to operate) or otherwise.

[72] For these reasons, I reject Mr. Rehal's claim for occupation rent.

(e) Mr. Singh is entitled to judgment on his counterclaim

[73] Since May 2022, Mr. Singh has paid various costs in respect of the Klimpke Road property totalling \$164,139.95. These costs include mortgage payments, various property repairs and maintenance, property taxes, insurance and utilities. They are itemized on Exhibit 6.

[74] Mr. Singh submits that if Mr. Rehal is found to be entitled to the Klimpke Road property, then he is also liable to compensate Mr. Singh for these costs, all of which were reasonably incurred to preserve and maintain the property, to the ultimate benefit of Mr. Rehal.

[75] Mr. Rehal does not dispute Mr. Singh's counterclaim, with the exception of one item, namely, the purchase of a small tractor in June 2024 for grass cutting and snow removal. The tractor cost \$5,565.12.

[76] Mr. Rehal submits the purchase of the tractor for the purpose of grass cutting and snow clearing was unreasonable. In response, Mr. Singh submits he concluded the most economical approach to getting the grass cut and the snow cleared on this large parcel of property was to supply his tenant with the tractor to perform that work. Mr. Rehal led no evidence to suggest otherwise. In the absence of such evidence, I find Mr. Singh's claim in respect of the tractor to be reasonable. As a result, Mr. Singh will be compensated for the cost of the tractor, and ownership of it will pass to Mr. Rehal.

CONCLUSION

[77] For these reasons, I order as follows:

- a) Mr. Rehal is the lawful owner of the Klimpke Road property;
- b) title to the Klimpke Road property shall be transferred to Mr. Rehal subject to all registrations and encumbrances currently registered against that title;
- c) Mr. Singh is entitled to judgment on his counterclaim in the sum of \$164,139.95 plus pre-judgment interest at the statutory rate, calculated from January 3, 2023, the date on which the counterclaim was filed; and
- d) Mr. Rehal, as the successful party, is entitled to costs. If the parties are unable to come to agreement on costs, they may make further submissions to me on that point, either in writing or in person, as they prefer.

[78] One final observation. The parties did not address the status of Mr. Dhillon's mortgage, which secures the loan made by him to Mr. Singh. It is that loan which permitted Mr. Singh to pay the \$164,139.95 in carrying costs on the Klimpke Road property. This mortgage will remain a valid charge against the Klimpke Road property.

Mr. Dhillon is not a party to these proceedings, so his interest in that mortgage must remain undisturbed. That said, I do question whether Mr. Rehal should perhaps be indemnified by Mr. Singh against any steps Mr. Dhillon may take against Mr. Rehal to enforce the mortgage against the Klimpke Road property. Counsel are free to make further submissions to me on this issue if necessary.

_____ J