

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

**IN THE MATTER OF THE RECEIVERSHIP OF EQUITYLINE
SPV LIMITED PARTNERSHIP**

B E T W E E N:

EQUITABLE BANK

Applicant

and

EQUITYLINE SPV LIMITED PARTNERSHIP

Respondent

**FACTUM OF THE RECEIVER
(Amended and Restated Receivership Order)
Returnable July 24, 2026**

July 23, 2026

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OVERVIEW

1. AlixPartners Restructuring, Inc. (“**AlixPartners**”), the Court-appointed receiver and manager (in such capacity, the “**Receiver**”) of EquityLine SPV Limited Partnership (the “**Debtor**”), brings this motion for an Order (the “**A&R Receivership Order**”) amending and restating the receivership order issued and entered August 8, 2024¹ (the “**Receivership Order**”) to expand and include the general partner of the Debtor, EquityLine SPV GP Inc. (the “**GP**”), on consent.
2. The Debtor is part of a group of interrelated companies known as the EquityLine Group, which were previously in the business of funding residential mortgages. The Debtor held the beneficial interests of mortgages funded by the EquityLine Group (the “**Mortgage Portfolio**”). The GP administered the Mortgage Portfolio.² The GP does not have any assets and is not known to have any current operations.³
3. Prior to the Receivership Order, certain mortgagors of the Mortgage Portfolio (the “**Objecting Mortgagors**”) brought claims or third-party claims (the “**Pre-Receivership Claims**”) in respect of each of their mortgages (the “**Impugned Mortgages**”) alleging that the mortgages are fraudulent. The GP is listed on title for some of the Impugned Mortgages, and, accordingly, the corresponding Objecting Mortgagors named the GP, rather than the Debtor, in respect of their Pre-Receivership Claims.⁴

¹ [Order of Justice Steele dated August 8, 2024](#).

² Seventh Report of the Receiver, AlixPartners Restructuring Inc., dated July 20, 2026 at section 2.2, para 1(a), Motion Record of the Receiver dated July 20, 2026 (“**MR**”), Tab 2, p. 30 (the “**Seventh Report**”).

³ Seventh Report at section 2.0, para 3, MR, Tab 2, p. 29.

⁴ Seventh Report at section 2.1, MR, Tab 2, pp. 29-30.

4. The Receiver is unable to fully administer the Debtor's rights, including the rights in respect of the Impugned Mortgages, if it cannot, where appropriate, defend the claims against the GP and/or commence claims.⁵ As such, expansion of the receivership is just and convenient in accordance with section 101 of the *Courts of Justice Act* (Ontario) (the "CJA"). The GP consents to the A&R Receivership Order and no other party opposes.

SUMMARY OF FACTS

A. Background

5. The Debtor is a limited partnership formed pursuant to the laws of the Province of Ontario. The Debtor is part of a collection of entities that were previously in the business of funding residential mortgages, the majority of which were funded by loans advanced by Equitable Bank (the "**Mortgage Portfolio**").⁶
6. The Debtor defaulted on its loans to Equitable Bank. Following the discovery of several irregularities in the management of the Mortgage Portfolio, Equitable Bank applied for the appointment of a receiver over the Debtor, which the Court granted on August 8, 2024.⁷
7. The GP is the Debtor's general partner. The GP is a corporation registered in Ontario and incorporated on June 23, 2021. Sergiy Shchavyelyev is the sole director of the GP. The GP has no assets and has no cash to fund any litigation. EQB is the only registrant against the GP under the Ontario *Personal Property Security Act*.⁸

⁵ Seventh Report at section 1.0, paras 4-5, MR, Tab 2, p. 28.

⁶ Seventh Report at section 2.0, para 1, MR, Tab 2, p. 29.

⁷ [Order of Justice Steele dated August 8, 2024](#).

⁸ Seventh Report at section 2.0, para 3, MR, Tab 2, p. 29.

B. The Impugned Mortgages

8. Upon its appointment, the Receiver reviewed the Mortgage Portfolio and discovered eight mortgages (i.e., the Impugned Mortgages) that were the subject of fraud allegations by Objecting Mortgagors. Certain Objecting Mortgagors have commenced pre-receivership claims or third-party claims against the GP in relation to the Impugned Mortgages.⁹
9. On April 30, 2026, this Court granted an order (the “**MAP Approval Order**”) approving a protocol to adjudicate the Impugned Mortgages (the “**Mortgage Adjudication Protocol**”).¹⁰ Most of the Impugned Mortgages and related litigation are now subject to the Mortgage Adjudication Protocol.
10. The Impugned Mortgages constitute Property under the Receivership Order as the Debtor holds the beneficial interest in those mortgages. However, as a limited partnership, the Debtor is not a legal entity capable of holding legal title to the Impugned Mortgages.¹¹ Rather, the GP is the entity that is registered on title to certain Impugned Mortgages.
11. Accordingly, it is the GP, rather than the Debtor, that is named as defendant or third party, as applicable, to some of the Pre-Receivership Claims concerning the Impugned Mortgages. Even though the Impugned Mortgages constitute Property under the Receivership Order, the Receiver cannot defend the claim or bring crossclaims in the litigation because the Receiver is not appointed over the GP.¹²

⁹ Seventh Report at section 2.1, para 1, MR, Tab 2, p. 29.

¹⁰ [Order of Justice Myers dated April 30, 2026](#).

¹¹ *Kucor Construction & Developments & Associates v. Canada Life Assurance Co.*, [1998 CanLII 4236 \(ONCA\)](#) [“*Kucor*”].

¹² Seventh Report at section 2.1, paras 2-3, MR, Tab 2, pp. 29-30.

STATEMENT OF ISSUES

12. The sole issue before this Court is whether it is just or convenient for the Court to appoint AlixPartners as receiver over the GP. The Receiver submits that the answer is “yes”.

LAW AND ARGUMENT

A. This Court has jurisdiction to appoint the Receiver over the GP

13. The statutory test for the appointment of a receiver is found in section 101 of the CJA. Section 101 of the CJA provides for the appointment of a receiver when “it is just or convenient” to do so:

101 (1) In the Superior Court of Justice, an interlocutory injunction or mandatory order may be granted or a receiver or receiver and manager may be appointed by an interlocutory order, where it appears to a judge of the court to be just or convenient to do so.

14. In deciding whether to appoint a receiver under the CJA, the court must have regard to all the circumstances, but in particular the nature of the property and the rights and interests of all parties in relation thereto.¹³
15. Courts have considered the following factors, among others, when determining whether it is just or convenient to appoint a receiver.¹⁴
- (a) whether irreparable harm might be caused if no order is made;
 - (b) the nature of the property;
 - (c) the apprehended or actual waste of the debtor’s assets;

¹³ *Anderson v. Hunking*, [2010 ONSC 4008](#), at [para 15](#) [Anderson], citing *Bank of Nova Scotia v. Freure Village of Clair Creek* (1996), 40 C.B.R. (3d) 274, [1996 CanLII 8258 \(Ont. S.C.J.\)](#).

¹⁴ *Canadian Equipment Finance and Leasing Inc. v. The Hypoint Company Limited*, [2022 ONSC 6186](#) at [para 25](#).

- (d) the preservation and protection of the property pending judicial resolution;
 - (e) the balance of convenience to the parties;
 - (f) the principle that the appointment of a receiver should be granted cautiously;
 - (g) the consideration of whether a court appointment is necessary to enable the receiver to carry out its duties efficiently;
 - (h) the effect of the order upon the parties;
 - (i) the conduct of the parties;
 - (j) the length of time that a receiver may be in place;
 - (k) the cost to the parties;
 - (l) the likelihood of maximizing return to the parties; and
 - (m) the goal of facilitating the duties of the receiver.
16. In the insolvency context, the primary purpose of a receiver is to preserve and realize upon a debtor's assets in an efficient and orderly manner for the benefit of all stakeholders.¹⁵
- The Supreme Court has recognized that efficiency and cost-effectiveness are core objects of receiverships in the insolvency context.¹⁶

B. It is both just and convenient to appoint the Receiver over the GP

17. It is both just and convenient to appoint the Receiver over the GP because:¹⁷

¹⁵ *Duca v. 2203824 Ontario Inc.*, [2020 ONSC 3119](#) at para 59; and *Third Eye Capital Corporation v. Ressources Dianor Inc./Dianor Resources Inc.*, [2019 ONCA 508](#) at paras [72-73](#).

¹⁶ *Peace River Hydro Partners v. Petrowest Corp.*, [2022 SCC 41](#) at para [176](#).

¹⁷ Seventh Report at section 2.2, para 1, MR, Tab 2, p. 30.

- (a) the GP's purpose is to administer the Debtor's property and interests, including the legal rights associated with them. The Receiver is unable to fully enforce the rights of the Debtor without being appointed over the GP;
- (b) as the named defendant or third party in certain pre-receivership claims commenced by the Objecting Mortgagors, the GP, rather than the Debtor, is required to defend those claims and assert any crossclaims, necessitating the expansion of the receivership to include the GP so that the Receiver may do so for the benefit of the Debtor's creditors and other stakeholders;
- (c) even though the Receivership Order does not include the GP, the Impugned Mortgages to which the GP holds legal title constitute Property under the Receivership Order;
- (d) the GP has no assets and is not known to operate an independent business;
- (e) the GP consents to the A&R Receivership Order; and
- (f) no stakeholder will be prejudiced by the A&R Receivership Order.

C. The Receiver must be appointed over a corporation to fulfill its obligations

18. The Receiver must be appointed over the GP to fully administer the Property under the Receivership Order, including the Impugned Mortgages. It is trite law that a limited partnership is not a distinct legal entity capable of holding title or mortgages to property.¹⁸ The Debtor, as a limited partnership, cannot hold legal title to the Impugned Mortgages.

¹⁸ [*Kucor*](#), *supra* note 11.

Rather, the GP is the individual corporation in charge of administering the rights of the Debtor and holds legal title to some of the Impugned Mortgages.

19. On May 15, 2026, this Court issued a Tolling Order, relying on its inherent jurisdiction to “help resolve the gap in law that arises when one has possession and control of property belonging to a limited partnership without necessarily having the entitlement to exercise the authority of the GP to sue.”¹⁹
20. Further, *Prudent Excellence Mortgage Investment Corp v. Triumph Dev HK Bradford Twin Regency Inc.*²⁰ provides an example of the Court expanding the power of a receiver to resolve the gap that occurs when the receiver’s control over the property is not sufficient for the receiver to fully administer the property.
21. In *Prudent*, the Court expanded the receiver’s scope to include the corporation that owned and developed property subject to the receivership order. By appointing the receiver over the corporation, the Court allowed the receiver to attend to various tax-related issues concerning the property subject to receivership.²¹
22. Justice Cavanagh held:

“The Receiver believes that an expansion of the receivership beyond the Property to the Debtor is necessary for it to complete its duties as contemplated by the Receivership Order. Given that the debtor was incorporated for the sole purpose of owning and developing the Property. I accept that it is fair and equitable to expand the scope of the Receiver’s mandate as requested.”²²

¹⁹ Endorsement of Justice Myers dated May 15, 2026 at [para 4](#).

²⁰ Endorsement of Justice Cavanagh dated July 12, 2023, [Court File No. CV-22-00677227-00CL](#) [*Prudent*].

²¹ *Ibid* at p. 5.

²² *Prudent*, *supra* note 19 at p. 5.

23. Similar to *Prudent*, in this case, the Receiver requests that it be appointed over the GP as the legal entity that is registered on title with respect to some of the Impugned Mortgages. Otherwise, the Receiver is unable to preserve or protect the Debtor's rights as it cannot, where appropriate, defend claims or bring crossclaims in the Pre-Receivership Claims that concern Property under the Receivership Order.
24. Accordingly, it is just and convenient to appoint the Receiver over the GP.

ORDER REQUESTED

25. The Receiver recommends that this Court appoint the Receiver over the GP by granting the Order substantially in the form of Tab 3 of its Motion Record dated July 20, 2026.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 23rd day of July, 2026.



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SCHEDULE “A”

LIST OF AUTHORITIES

1. *Anderson v. Hunking*, [2010 ONSC 4008](#).
2. *Bank of Nova Scotia v. Freure Village of Clair Creek* (1996), 40 C.B.R. (3d) 274, [1996 CanLII 8258 \(Ont. S.C.J.\)](#).
3. *Canadian Equipment Finance and Leasing Inc. v. The Hypoint Company Limited*, [2022 ONSC 6186](#).
4. *Duca v. 2203824 Ontario Inc.*, [2020 ONSC 3119](#).
5. *Kucor Construction & Developments & Associates v. Canada Life Assurance Co.*, [1998 CanLII 4236 \(ONCA\)](#).
6. *Peace River Hydro Partners v. Petrowest Corp.*, [2022 SCC 41](#).
7. *Prudent Excellence Mortgage Investment Corp v. Triumph Dev HK Bradford Twin Regency Inc*, Endorsement of Justice Cavanagh dated July 12, 2023, [Court File No. CV-22-00677227-00CL](#).
8. *Third Eye Capital Corporation v. Ressources Dianor Inc./Dianor Resources Inc.*, [2019 ONCA 508](#).

I certify that I am satisfied as to the authenticity of every authority.

Note: Under the Rules of Civil Procedure, an authority or other document or record that is published on a government website or otherwise by a government printer, in a scholarly journal or by a commercial publisher of research on the subject of the report is presumed to be authentic, absent evidence to the contrary (rule 4.06.1(2.2)).



Date July 23, 2026

Signature

SCHEDULE “B”

TEXT OF STATUTES, REGULATIONS & BY-LAWS

[*Courts of Justice Act, R.S.O. 1990, c. C.43*](#)

Section 101

Injunctions and receivers

101 (1) In the Superior Court of Justice, an interlocutory injunction or mandatory order may be granted or a receiver or receiver and manager may be appointed by an interlocutory order, where it appears to a judge of the court to be just or convenient to do so.

Terms

(2) An order under subsection (1) may include such terms as are considered just.

EQUITABLE BANK
Applicant

and

EQUITYLINE SPV LIMITED PARTNERSHIP
Respondent
Court File No. CV-24-00721560-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at TORONTO

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